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Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Administrative expenses of the United Nations Joint Staff Pension Fund

Report of the United Nations Joint Staff Pension Board

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Summary

The present report contains the revised budget for the United Nations Joint Staff Pension Fund for the biennium 2008-2009, which indicates a reduction in appropriations amounting to $21,709,300. This reduction comprises underexpenditures of administrative costs ($3,763,600), investment costs ($17,855,000) and audit costs ($118,000), partly offset by an increase of $27,300 for Pension Board expenses. The revised appropriations for the biennium 2008-2009 would then amount to $131,489,800, divided into administrative costs ($72,135,600), investment costs ($56,782,500), audit costs ($2,471,700) and Board expenses ($100,000). Of this amount, $18,712,000 is chargeable to the United Nations under the cost-sharing arrangement.

The report also contains estimates for the period from 1 January 2010 to 31 December 2011, which amount to $179,131,200 (before recosting) for administrative costs ($94,468,300), investment costs ($81,855,200), audit costs ($2,707,700) and Pension Board expenses ($100,000). The report provides for a total of 214 continuing posts, 23 new established posts and 18 temporary posts.

Resource requirements

Category	*Resources (thousands of United States dollars)*		*Posts*	
	2008-2009	*2010-2011*		
(before recosting)	*2008-2009*	*2010-2011*		
Administrative[a]	75 899.2	94 468.3	165	197
Investment	74 637.5	81 855.2	49	58
Audit	2 589.7	2 707.7	—	—
Pension Board	72.7	100.0	—	—
	Total	**153 199.1**	**179 131.2**	**214 255**

[a] 1 extrabudgetary General Service (Other level) post funded by participating member organizations.

I. Overview

1. The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and such other organizations as might be admitted to membership. There are currently 23 member organizations; the combined number of active participants and benefits in payment as of 31 December 2008 amounted to 172,749.

2. In accordance with the Regulations adopted by the General Assembly, the Fund is administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization and a secretariat to the Board and to each such committee. One third of the Board members are chosen by the General Assembly and the corresponding governing bodies of the other member organizations, one third by the executive heads and one third by the participants. The Pension Board reports to the General Assembly on the operations of the Fund and on the investment of its assets. When necessary, it recommends amendments to the Regulations, which govern, inter alia, the rates of contribution by the participants (currently 7.9 per cent of their pensionable remuneration) and by the organizations (currently 15.8 per cent), eligibility for participation, and the benefits to which participants and their dependants may become entitled.

Operational activities

3. During the biennium ended 31 December 2007, the number of participants in the Fund increased from 93,683 to 106,566, or by 13.8 per cent; the number of periodic benefits in award increased from 55,140 to 58,084, or by 5.3 per cent. As of 31 December 2008, the active participant population had increased to 112,804 (representing an additional 5.9 per cent increase for the one-year period) and the number of periodic benefits in award had increased to 59,945 (representing an additional 3.2 per cent increase). On 31 December 2008, the breakdown of the periodic benefits in award was as follows: 20,550 retirement benefits, 13,653 early retirement benefits, 6,932 deferred retirement benefits, 9,538 widows' and widowers' benefits, 8,072 children's benefits, 1,161 disability benefits and 39 secondary dependants' benefits. In the course of the year ending 31 December 2008, 6,325 withdrawals and other settlements were paid.

Figure I

Total growth in active Pension Fund participants since 1997

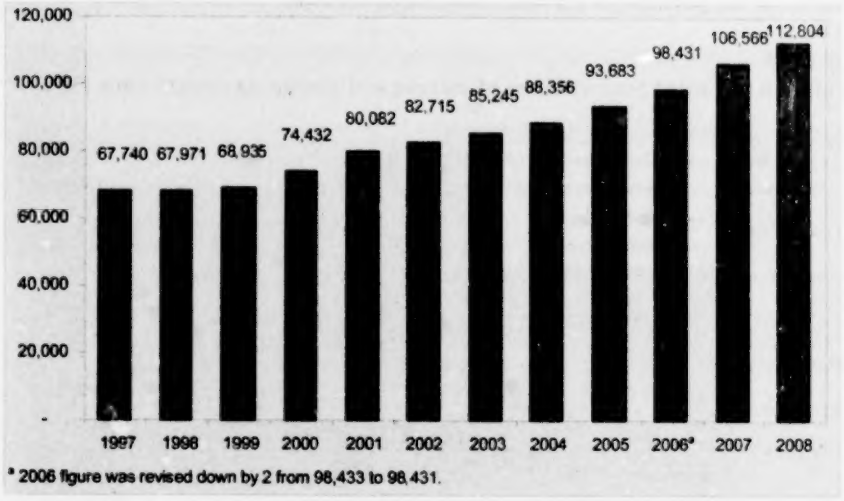
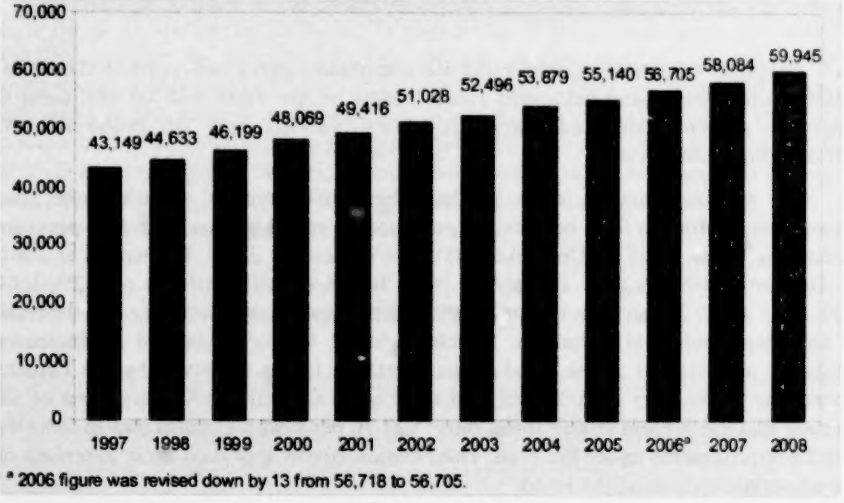


Figure II

Total growth in periodic benefits in payment since 1997

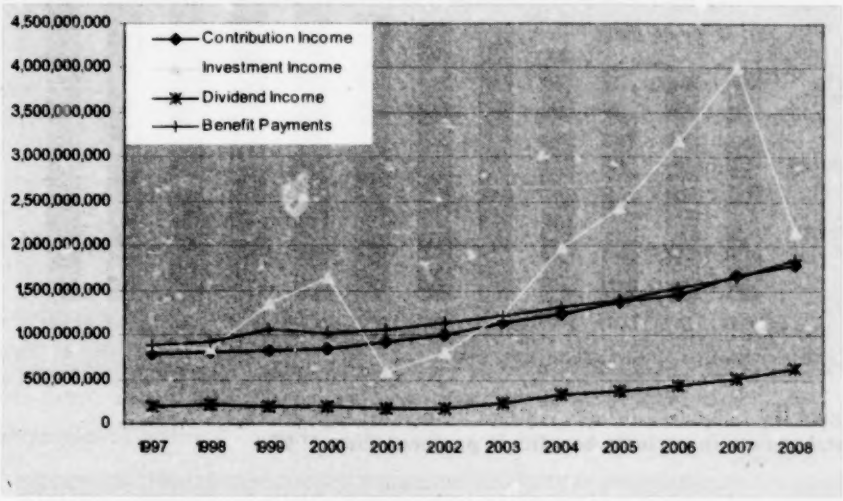


Income and benefit payments

4. The Fund relies on three sources of income: (a) employers' contributions; (b) employees' contributions; and (c) investment income. The relative importance of each of these resources has changed over the years. In 2008, total contributions amounted to $1,789.3 million and total benefit payments amounted to $1,842.5 million. In 1994, for the first time since the inception of the Fund, benefits paid surpassed contributions ($729.8 million vs. $711.7 million) and investment income had to be used to cover the gap. In 2008, total contributions represented

97.1 per cent of benefit payouts, with payouts exceeding total contribution income by $53.2 million. As the Fund continues to mature it will rely more on investment income for the payment of pensions and related benefits.

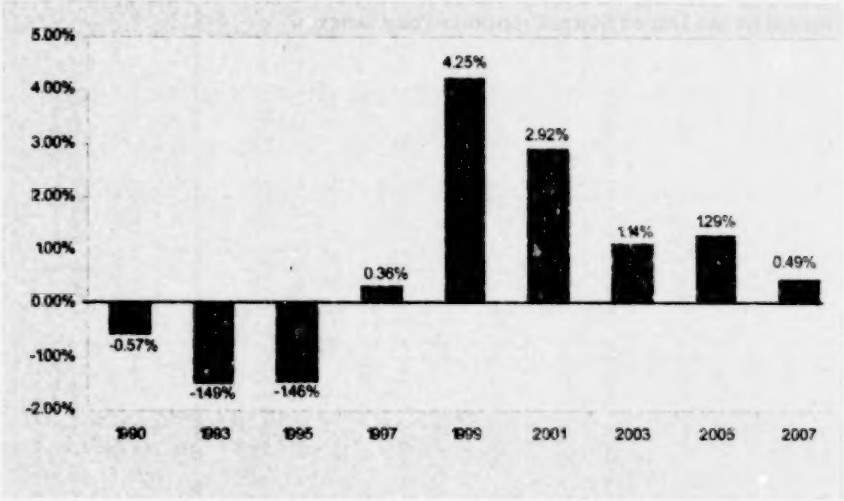
Figure III
Evolution in United States dollars of income and benefit payments since 1997



5. Actuarial valuations for the Fund are undertaken every two years to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present estimated liabilities, using various sets of economic and demographic assumptions.

6. The regular valuation, as at 31 December 2007, revealed a sixth consecutive surplus, amounting to 0.49 per cent of pensionable remuneration. The five previous valuations, those as of 31 December 2005, 31 December 2003, 31 December 2001, 31 December 1999 and 31 December 1997, had revealed surpluses of 1.29, 1.14, 2.92, 4.25 and 0.36 per cent of pensionable remuneration, respectively. On the basis of the latest actuarial valuation, which included the costs related to increased longevity as reflected in the Fund's new mortality tables approved by the Pension Board, the Committee of Actuaries and the Fund's Consulting Actuary were of the opinion that the present contribution rate of 23.70 per cent was sufficient to meet the benefit requirements under the Plan. The Pension Board approved their statement on the actuarial position of the Fund.

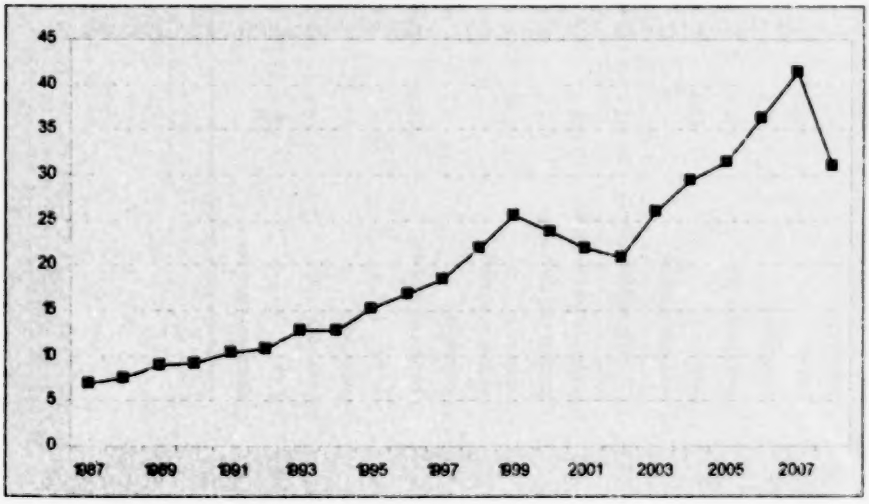
Figure IV
Actuarial situation since 1990
(in percentage)



Investments

7. As of 31 December 2008, the market value of the Fund's assets amounted to $31,289 million as against $41,713 million at the end of December 2007, representing a decrease of 25 per cent. As of 31 March 2009 — the normal reporting date used in the reports to the Pension Board — the market value of the Fund's assets stood at $29,018 million as against $40,588 million a year earlier, a decrease of 28.5 per cent. The total investment return, which takes into account timing of cash flows for the same period, was -28.3 per cent, representing a "real" or inflation-adjusted return of -28.1 per cent.

Figure V
Market value of the Pension Fund, 1987-2008
(in billions of United States dollars)



8. The long-term investment objectives of the Fund are to obtain an optimal investment return over the long term while avoiding undue risk. The compound annual rate of return for the 20-year period ending 31 March 2009 was 7.2 per cent. This represents a yearly real rate of return of 4.3 per cent for the same period, after adjustment by the United States Consumer Price Index.

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II. Budget estimates for the biennium 2008-2009: performance report

Table 1

Revised estimates for the biennium 2008-2009 by object of expenditure

(Thousands of United States dollars)

	Approved appropriations			*Expenditures for the 15-month period 1 January 2008-31 March 2009*			*Estimated expenditures for the 9-month period 1 April-31 December 2009*			*Increase or (decrease) for the biennium 2008-2009*			*Proposed final 2008-2009 appropriations*		
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*
	(a)			*(b)*			*(c)*			*(d) = (b) + (c) - (a)*			*(e) = (a) + (d)*		
Administrative costs															
Posts	24 020.9	11 231.8	35 252.7	14 400.4	6 745.6	21 146.0	9 447.7	4 425.6	13 873.3	(172.8)	(60.6)	(233.4)	23 848.1	11 171.2	35 019.3
Other staff costs	3 268.6	364.0	3 632.6	850.6	299.9	1 150.5	2 008.2	50.2	2 058.4	(409.8)	(13.9)	(423.7)	2 858.8	350.1	3 208.9
Consultants	85.0	—	85.0	91.4	—	91.4	—	—	—	6.40	—	6.40	91.4	—	91.4
Travel	1 075.2	—	1 075.2	473.1	—	473.1	600.0	—	600.0	(2.1)	—	(2.10)	1 073.1	—	1 073.1
Contractual services	16 015.2	3 362.9	19 378.1	10 550.2	2 857.6	13 407.8	4 666.3	455.0	5 121.3	(798.7)	(50.3)	(849.0)	15 216.5	3 312.6	18 529.1
Hospitality	3.2	—	3.2	1.5	—	1.5	1.7	—	1.7	—	—	—	3.2	—	3.2
General operating expenses	8 846.0	2 925.4	11 771.4	5 504.1	2 588.7	8 092.8	1 211.4	359.2	1 570.6	(2 130.5)	22.5	(2 108.0)	6 715.5	2 947.9	9 663.4
Supplies and materials	173.0	66.4	239.4	126.5	49.3	175.8	20.9	1.7	22.5	(25.7)	(15.5)	(41.1)	147.4	51.0	198.3
Furniture and equipment	3 995.7	465.9	4 461.6	1 189.1	347.2	1 536.3	2 696.0	116.5	2 812.6	(110.6)	(2.1)	(112.7)	3 885.1	463.8	4 348.9
Total administrative	**57 482.8**	**18 416.4**	**75 899.2**	**33 186.9**	**12 888.3**	**46 075.2**	**20 652.2**	**5 408.2**	**26 060.4**	**(3 643.7)**	**(119.9)**	**(3 763.6)**	**53 839.1**	**18 296.5**	**72 135.6**
Investment costs															
Posts	12 122.5		12 122.5	6 287.9	—	6 287.9	4 924.7	—	4 924.7	(909.9)	—	(909.9)	11 212.6	—	11 212.6
Other staff costs	657.0		657.0	196.1	—	196.1	477.6	—	477.6	16.7	—	16.7	673.7	—	673.7
Consultants	1 384.5		1 384.5	276.8	—	276.8	1 000.0	—	1 000.0	(107.7)	—	(107.7)	1 276.8	—	1 276.8
Travel	1 888.0		1888.0	620.6	—	620.6	1 000.0	—	1 000.0	(267.4)	—	(267.4)	1 620.6	—	1 620.6
Contractual services	52 210.2		52 210.2	19 533.0	—	19 533.0	16 124.6	—	16 124.6	(16 552.6)	—	(16 552.6)	35 657.6	—	35 657.6
Hospitality	22.0		22.0	7.9	—	7.9	14.0	—	—	(0.1)	—	(0.1)	21.9	—	21.9
General operating expenses	5 662.5		5 662.5	2 772.5	—	2 772.5	2 851.5	—	2 851.5	(38.5)	—	(38.5)	5 624.0	—	5 624.0
Supplies and materials	101.2		101.2	80.1	—	80.1	25.6	—	25.6	4.5	—	4.5	105.7	—	105.7

	Approved appropriations			*Expenditures for the 15-month period 1 January 2008-31 March 2009*			*Estimated expenditures for the 9-month period 1 April-31 December 2009*			*Increase or (decrease) for the biennium 2008-2009*			*Proposed final 2008-2009 appropriations*		
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*
	(a)			*(b)*			*(c)*			*(d) = (b) + (c) - (a)*			*(e) = (a) + (d)*		
Furniture and equipment	589.6		589.6	—	—	—	589.6	—	589.6	—	—	—	589.6	—	589.6
Total investment	**74 637.5**		**74 637.5**	**29 774.9**		**29 774.9**	**27 007.6**		**27 007.6**	**(17 855.0)**		**(17 855.0)**	**56 782.5**		**56 782.5**
Audit costs															
External audit	568.4	113.7	682.1	238.0	47.6	285.6	307.1	62.9	370.0	(23.3)	(3.2)	(26.5)	545.1	110.5	655.6
Internal audit	1 589.7	317.9	1 907.6	896.9	179.2	1 076.1	614.2	125.8	740.0	(78.6)	(12.9)	(91.5)	1 511.1	305.0	1 816.1
Total audit	**2 158.1**	**431.6**	**2 589.7**	**1 134.9**	**226.8**	**1 361.7**	**921.3**	**188.7**	**1 110.0**	**(101.9)**	**(16.1)**	**(118.0)**	**2 056.2**	**415.5**	**2 471.7**
Board expenses	**72.7**	—	**72.7**	—	—	—	**100.0**	—	**100.0**	**27.3**	—	**27.3**	**100.0**	—	**100.0**
Total resources	**134 351.1**	**18 848.0**	**153 199.1**	**64 096.7**	**13 115.1**	**77 211.8**	**46 681.1**	**5 596.9**	**54 278.0**	**(21 573.3)**	**(136.0)**	**(21 709.3)**	**112 777.8**	**18 712.0**	**131 489.8**
Extrabudgetary costs (after-service health insurance system)															
Operational activities	**153.6**	—	**153.6**	**69.2**	—	**69.2**	**63.4**	—	**63.4**	**(21.0)**	—	**(21.0)**	**132.6**	—	**132.6**

9. Table 1 summarizes the total estimated expenditures for the biennium 2008-2009. In order to make the Fund's performance report more meaningful, the expenditures for the biennium comprise two distinct elements: (a) actual expenditures for the 15-month period from 1 January 2008 to 31 March 2009, and (b) estimated expenditures for the 9-month period from 1 April to 31 December 2009. The actual expenditures for the period from 1 January 2008 to 31 March 2009 have been calculated on the accrual basis of accounting, meaning that the effects of transactions and other events are recognized in financial statements when they occur and not when cash and cash equivalents are received or paid. In addition, greater emphasis has been placed on justifying overexpenditures or underexpenditures.

10. In its resolution 62/241, the General Assembly approved appropriations for the biennium 2008-2009 totalling $150,995,100, comprising administrative costs ($75,994,800), investment costs ($72,347,900), audit costs ($2,589,700) and Board expenses ($62,700). Of this amount, $131,996,500 is chargeable directly to the Fund and $18,998,600, being the share of costs borne by the United Nations. In addition, resources amounting to $153,600 were authorized for extrabudgetary costs and funded by a number of member organizations. In section I of its resolution 63/252, the Assembly increased the appropriations by $2,204,000 to a total of $153,199,100, comprising administrative costs ($75,899,200), investment costs ($74,637,500), audit costs ($2,589,700) and Board expenses ($72,700). Of this amount, $134,351,100 is chargeable directly to the Fund, $18,848,000 being the share of costs borne by the United Nations.

11. The additional appropriations were approved for:

(a) Administrative costs: net decrease of $95,600 composed of an increase for consultant expenditures related to the whole office review and an increase of travel costs of a working group on plan design, offset by a decrease on the estimate for rental of premises;

(b) Investment costs ($2,289,600): increase in contractual services, furniture and equipment, to cover the move to the twentieth floor at 1 Dag Hammarskjöld Plaza and the SWIFT (Society for Worldwide Interbank Financial Telecommunication) messaging service;

(c) Board expenses ($10,000).

Total expenditure for the biennium 2008-2009 is estimated at $131,489,800, comprised of administrative costs ($72,135,600), investment costs ($56,782,500), audit costs ($2,471,700) and Board costs ($100,000), resulting in projected savings of $21,709,300, or 14 per cent of the total appropriation. In addition, the projected expenditure of $132,600 for extrabudgetary costs will result in an underexpenditure of $21,000 or 13.7 per cent of the appropriation.

A. Administrative costs

12. The $72,135,600 estimated administrative costs will result in an underexpenditure of $3,763,600, or 4.96 per cent. The main resource variances that contribute to the net underexpenditure include the following.

1. Other staff costs — underexpenditure of $423,700

13. The underexpenditure is primarily due to a decrease in the use of general temporary assistance ($300,000). In addition, owing to other commitments in the Information Management Systems Service (IMSS) and Operations, it was not possible to fully utilize training funds. This resulted in an underexpenditure of $66,800.

2. General operating expenses — underexpenditure of $2,108,000

14. The underexpenditure is due to the savings incurred in rental of premises, communication services and external printing.

3. Projects undertaken in the biennium 2008-2009

15. Brief details of the status of information technology projects undertaken in the biennium 2008-2009 are given below.

Table 2
Status of projects, 2008-2009
(United States dollars)

Project	*Projected/actual completion date*	*Appropriation*	*Estimated expenditure*	*Over or (under) expenditure*
Member organization information-sharing initiatives	December 2009	2 167 100	2 161 190	(5 910)
Client services initiatives	December 2009	1 130 164	1 054 162	(76 002)
Web system initiatives	October 2009	2 361 589	2 684 793	323 204
Enterprise system initiatives	Completed	1 931 170	1 572 235	(358 935)
Enterprise operations initiatives	September 2009	2 263 114	2 131 666	(131 448)
Information technology consolidation with Investment Management Service	December 2009	798 763	792 756	(6 007)
Total		**10 651 900**	**10 396 802**	**(255 098)**

Member organization information-sharing initiatives

16. The member organization information-sharing initiatives were introduced to expand upon applications related to interfaces with member organizations as a means of electronically sharing more participant and beneficiary information, namely all personnel actions and related financial transactions. Significant progress has been made on this initiative and the Fund has achieved the desired objective, whereby 75 per cent of all participants are served by the electronic interface. The financial interface project is collecting year-end financial data files transferred between member organizations and the Fund. These files are now transmitted through a more secure and efficient file transfer method, further streamlining the financial data collection process. The Fund has successfully completed the pilot project with the United Nations Children's Fund (UNICEF) using the secure file transfer method. The project target of 10 per cent of the associated member population in the biennium 2008-2009 was achieved. Much progress has been made with the participant reconciliation exceptions reporting system as well. The first

phase consisting of process and requirements analysis, is complete. The project is currently in the second phase which will lead to the development of a reporting tool.

Client services initiatives

17. The client services initiatives have included a review of a customer relationship management system and a graphical signature comparison module to assist the Client Services Unit in managing its workload more efficiently, while reducing the risk of fraud, and enhancing its communications with participants and beneficiaries. A Web-hosted incident and contact management module should be deployed by the end of the 2008-2009 biennium. This initiative, when completed, will enhance the Unit's ability to perform core business operations while managing multiple channels of communication with beneficiaries and participants. The initiative will be further expanded to integrate additional functions and processes, thereby streamlining more aspects of client communications. The existing content management applications will be enhanced to provide graphical signature access within electronic folders.

Web systems initiatives

18. The Web systems initiatives have provided beneficiaries and participants with direct access to personalized information through the use of custom Web-based applications. Critical applications including the two-track and benefit estimate systems, certificate of entitlement tracking and annual statements have now become a standard service for clients. In 2009 the cost-of-living statement will become available online. The design and development of this Web interface is complete and a working prototype is now under review. The updated interface for the benefit estimator is currently in the design phase and work is under way to make it available to clients for the 2010 statement release. An evaluation of the possibility of sharing member profiles through the Web will be completed in the current biennium. Custom portals providing interactive communication between Pension Fund staff, member organizations, participants and beneficiaries were also introduced in this initiative. As part of the Fund's efforts to support the increasing load on Web applications, the entire Website infrastructure was upgraded to a more stable and secure environment. An independent Internet communications line and a Pension Fund domain have also been procured to enhance the Fund's ability to service clients. New Web-based portals provide role-based and secure single-point interfaces for many Fund-wide Web applications. Work is also in progress to increase the use of portal applications for enhanced communications. Out-of-scope e-learning applications including the security awareness programme and several onboarding workshops have also been introduced to accommodate priority security training requirements. Work is also in progress to evaluate and design a legal case tracking system for the legal office.

Enterprise systems initiatives

19. The enterprise systems initiatives have ensured that mission-critical business systems (e.g., content management system and Lawson financial system) are current with vendor updates, releases and upgrades, while keeping pace with changes to the Fund's business model. The upgrade of the Lawson financial system and all associated custom interfaces was successfully completed. The advanced Web-based platform provides enhanced ease of use and effective transaction processing.

Through this upgrade, the Fund has overcome the risks associated with relying on an obsolete and unsupported platform while streamlining the application interfaces. During the current biennium, major systems initiatives include the successful upgrade to the banking services gateway protocol, introduction of a new series of alphanumeric retirement numbers and implementation of an upgraded scanning environment.

Enterprise operations initiatives

20. The enterprise operations initiatives have ensured that the Fund's computing infrastructure keeps pace with the changing requirements of business users while taking advantage of advanced technologies to support improvements in security, performance and quality of service. As part of the enterprise operations mandate, the virtualization project was successfully completed. A virtual infrastructure typically results in lowering the total cost of ownership of servers and provides higher server utilization along with increased operational efficiency and improved manageability of the server infrastructure. The enhancement of the network and communications backbone has been completed by installing a dedicated communications backbone between the New York and Geneva offices of the Fund. The messaging infrastructure has been upgraded and the fail-over cluster was implemented. This provides maximum uptime and response to users. A disaster server solution for the e-mail service was configured and tested in Geneva. Work was successfully completed in implementing a consolidated e-mail domain within the Fund offices in New York and Geneva and migrating the Geneva users to the Pension Fund-specific domain. The data centre facilities were managed, maintained and upgraded to support all required projects as defined by the information technology governance mechanism. To support the additional requirements of the consolidated data centre and new applications, work is in progress to upgrade the uninterrupted power supplies within the data centre. An environmental monitoring system was installed in the data centre in 2008 to provide timely alerts again of factors that could have a negative impact on the working of systems. The Geneva data centre has been upgraded to provide additional infrastructure to support redundancy requirements for certain systems and provide solutions including a virtual environment and directory services.

Information technology consolidation with Investment Management Service

21. The Information Technology Consolidation Working Group reached an agreement as to the best model to follow for the efficient and effective consolidation of infrastructure services under IMSS, ensuring that there is seamless consolidation of the computing infrastructure of the Investment Management Service and the Fund's secretariat. The agreement considered the list of services to be provided by IMSS. In the interim, the Investment Management Service has drawn upon the resources allocated within this initiative to maintain its systems. It is anticipated that 75 per cent of the consolidation will be completed by the end of the 2008-2009 biennium. Of the 38 areas identified for consolidation, 29 will be completed during the current biennium and 9 will be carried forward to the objectives of the 2010-2011 biennium. These include a complete migration to the new network architecture and monitoring system, a new and consolidated e-mail system and the development and implementation of Web services. Under the priorities defined by the Investment Management Service, the work has also started on implementation of the SWIFT

and Charles River trade order management systems. It is anticipated that both systems will be operational during the biennium and a functional disaster recovery solution will be in place for them in the near term.

B. Investment costs

22. The $56,782,500 estimated investment costs will result in savings of $17,855,000 or 23.9 percent. The main resource variances that contribute to this result are explained below.

1. Posts — underexpenditure of $909,900

23. The underexpenditure has been caused by later than expected recruitment of staff.

2. Consultants — underexpenditure of $107,700

24. The amounts expended for consultants were lower than originally anticipated, particularly in regard to the Principles of Responsible Investment.

3. Travel — underexpenditure of $267,400

25. Travel of staff has been underexpended for the same reason as posts: delayed recruitment times restricted the availability of staff and their travel. Also, under travel of representatives, while provision was made for the travel of 12 members of the Investment Committee, the Committee had only 10 or 11 members, who did not attend all of the meetings.

4. Contractual services — underexpenditure of $16,552,600

Table 3
Contractual services: estimated expenditures 2008-2009
(Thousands of United States dollars)

Category	*Appropriations 2008-2009*	*Estimated expenditures*	*Over or (under) expenditures*
External legal consultant	532.5	1 432.5	900.0
Third-party service providers			
(a) Global custodian and advisers			
Global custodian	1 278.0	1 278.0	—
Advisers	14 217.1	14 217.1	—
Subtotal (a)	**15 495.1**	**15 495.1**	**—**
(b) Portfolio management			
Small capitalization	20 943.2	12 000.0	(8 943.2)
Publicly traded real estate	4 366.5	—	(4 366.5)
Indexation	4 142.9	—	(4 142.9)
Subtotal (b)	**29 452.6**	**12 000.0**	**(17 452.6)**

Category	*Appropriations 2008-2009*	*Estimated expenditures*	*Over or (under) expenditures*
(c) Market data services	1 942.1	1 942.1	—
Subtotal third-party service providers	**46 889.8**	**29 437.2**	**(17 452.6)**
SWIFT contractual services	690.0	690.0	—
Other contractual services	4 097.9	4 097.9	—
Total	**52 210.2**	**35 657.6**	**(16 552.6)**

26. As can be seen in table 3 above, savings were achieved under third-party service providers. Indexation ($4,142,900) was deferred to the next biennium. In addition, the hiring of a publicly traded real estate manager ($4,366,500) was delayed and the request for proposal was sent to vendors only in May 2009. The contract of the Japanese small capitalization manager was terminated and the request for proposal for a new manager was delayed owing to poor market conditions. There are also savings in the fees paid to three other small capitalization account managers owing to the portfolios' poor performance (fees are based on performance of the portfolio).

Projects undertaken in the biennium 2008-2009

27. Table 4 below shows the status of information technology projects funded and undertaken in the biennium 2008-2009.

Table 4
Status of projects, biennium 2008-2009
(United States dollars)

Project	*Projected/actual completion date*	*Appropriation*	*Estimated expenditure*	*Over or (under) expenditure*
a. Portfolio risk analysis and performance attribution	June 2010	80 000	200 000	(120 000)
b. Electronic order management and trading	March 2010	50 300	150 300	(100 000)
c. Compliance pre-trading and post-trading	March 2010	20 600	20 600	—
d. Portfolio accounting and reconciliation	June 2010	200 100	100 100	100 000
e. SWIFT	September 2009	690 000	690 000	—
Total		**1 041 000**	**1 161 000**	**(120 000)**

Portfolio risk analysis and performance attribution system

28. As of June 2009, the Investment Management Service is performing the technical evaluation (due diligence) of the procurement process. It is estimated that a contract will be awarded by September 2009. After the initial customization is completed an ongoing service will be maintained. This project is expected to be finalized and fully in production by March 2010.

Electronic order management and trading system

29. A vendor was awarded a contract by the United Nations Procurement Service in January 2009. As of June 2009, the Information Services Section staff is being trained in system administration and tuning the implementation project planning. An optimal infrastructure support for this electronic trading solution has been designed, and its implementation started, which entails the use of new supporting servers and databases procured in conjunction with the information technology consolidation (see para. 21 above). This project is expected to be finalized and fully in production by March 2010.

Compliance pre-trading and post-trading system

30. This project consists of the implementation of an integral module that completes the electronic trading system, and allows auditing and setting up more than a thousand compliance rules. It is due to be fully in production by March 2010.

Portfolio accounting and reconciliation system

31. As of June 2009, the Investment Management Service has finalized the first phase of the technical evaluation of the procurement process. After a contract is awarded the initial customization of the procured electronic service is expected to be completed by mid-2010, then an ongoing service will be maintained.

SWIFT

32. As of June 2009 the procurement of all SWIFT physical components and service has been completed. This project is expected to be finalized by September 2009. An on-going service will be maintained.

C. Audit costs

33. The estimated expenditure of audit costs will result in full utilization of the appropriations amounting to $2,589,700, for external audit ($682,100) and internal audit ($1,907,600).

34. Resources will, however, be reallocated within these amounts to account for additional costs of consultants as a result of the recommendation of the Audit Committee that the Office of Internal Oversight Services advance the date of the planned audit of the Investment Management Service, which necessitated the transfer of funds from contractual services to individual consultants.

D. Board costs

35. The original estimate of $72,700 for Board expenses would normally have been sufficient for the costs incurred during the biennium. However, an additional provision of $27,300 is now being requested to cover the bill received recently for a meeting of the Board in 2002.

E. Extrabudgetary costs

36. The original estimate of $153,100 for one General Service (Other level) post, funded by extrabudgetary funds, was calculated on the basis of standard salary tables, which use the midpoint of the General Service (Other level) grade 5 as a base. A savings of $21,000 in that item is expected, owing to the delayed recruitment of the staff member charged with this task.

III. Budget estimates for the biennium 2010-2011: results-based frameworks and analysis of resource requirements

A. Introduction

1. Overview

37. Under the authority of the Pension Board, the Pension Fund is entrusted to provide retirement, death, disability and other benefits and related services to its participants, retirees and beneficiaries. To meet its long-term commitments, the Fund must ensure an adequate level of investment return on its assets, mindful of the approved risk tolerance philosophy and the requirements posed by its liabilities. It must also ensure that all its activities are carried out in the best conditions of security, accountability, social responsibility and sustainable development while operating in full compliance with the highest standards of quality, efficiency, competence and integrity.

38. In the third management charter, approved by the Board in 2008, the Fund identified a series of challenges that it must address in 2010-2011 to be able to achieve its mission. Some of these challenges relate to changes in the environment which affect societies and organizations in general, such as increasing life expectancies, shorter-term employment patterns, contractual status of staff and mobility of the workforce. Other challenges relate to changing social priorities, worldwide economic trends, performance in the financial markets and currency volatility. Finally, the Fund's current internal operational, infrastructure and governance mechanisms pose certain limitations and risks which need to be addressed and resolved. The Fund classified all of these challenges into the five following categories: (a) growing complexity of the Fund's operations; (b) growing interdependency of assets and liabilities; (c) aging of information systems and growing demand for services; (d) increasing need to provide better quality service and operational standards; and (e) growing social and environmental responsibilities.

39. The Fund established a "strategic response" for each of the above categories. During the biennium 2010-2011 the Fund will continue to provide and improve services to its stakeholders in the various areas of benefit administration and investment management. It will also prepare for the future and implement those priority projects outlined in the third management charter and presented to the Pension Board in 2008, including the Integrated Pension Administration System, the new accounting standards and the reconfigurations of staff in line with the recommendations of the whole office review and the Audit Committee.

Integrated Pension Administration System

40. Implementation of the Integrated Pension Administration System will be the most important operational undertaking of the Pension Fund during the next two bienniums. Pre-implementation activities have already commenced during the current 2008-2009 biennium. The project will permit much better use of the Fund's resources through the modernization of the technological platform and the migration from a case-driven to a process-driven operation. In addition, it will facilitate the management and analysis of the benefits through the establishment of a "dashboard" designed for the different perspectives of the governing bodies, senior management, process-owners, participants, retirees and beneficiaries.

41. Successful deployment of the System will ensure the building of an integrated information solution which will support the Fund, its staff, member organizations, participants and all stakeholders well into the future. The Fund has adopted a six-phase approach to IPAS: (a) undertake overall project planning and solution design; (b) document the existing processes at the Fund; (c) redesign the Fund's processes; (d) document the redesigned processes; (e) define the technology solutions in accordance with the redesigned processes; and (f) acquire and deploy the entire solution.

42. The first phase of the independent study (planning and design) was conducted with the assistance of an external specialized consulting firm with experience in both pensions and information technology. The project team (comprised of Pension Fund staff as well as information technology, pension and process engineering experts from the consulting company) reviewed the current operating model employed by the Fund to ascertain, from an independent perspective, what enhancements or changes could or should be considered to increase efficiency, reduce risk and enhance the experience of those who rely on the Fund's services.

43. The project team mapped all of the Fund's processes and proposed a target operating model for the Fund, based on the principles of process standardization and system integration, specifically aimed at addressing, where possible, the findings from the current state assessment performed as part of the study. Finally, the project team developed a complete project plan, determined the required resources and developed a high-level business case. Following the presentation of this project to the Board at its 2008 session, the financial and human resource requirements were drawn up (see annex XIII to the present report).

44. The Pension Fund anticipates the following benefits from implementation of the project:

- Integration and standardization of processes, resulting in minimal exceptions and failures and uniform treatment in the processing of cases;
- A single database environment throughout the Fund's operations, thus resulting in fewer internal interfaces;
- Centralized, straight-through processing to reduce the number of handoffs, increase throughput and introduce case ownership;
- Direct routing of work, supported where possible by comprehensive and intuitive workflows;

- The provision of more management information, enabling better decision-making and strategic planning and enhancing the experience of participants, retirees and beneficiaries through improved service standards;
- Improved internal controls;
- Standardization of hardware and software, where possible;
- More robust business continuity and disaster recovery capabilities made possible by greater standardization;
- Documentation of all systems and processes, coupled with good governance around version control and archiving;
- Implementation of internal audit recommendations.

Whole office review

45. A whole office review was carried out in 2008 upon the recommendation of the Pension Board. The review encompasses the response to paragraphs 4 and 5 of General Assembly resolution 62/241, by which the Assembly took note of the need for a more strategic approach to the human resources requirement of the Fund and concurred with the request made by the Board that the Chief Executive Officer of the Fund and the Representative of the Secretary-General for investments undertake an overall review of the staffing and organizational structure in their respective areas, including drawing on relevant industry benchmarks and best practice. The whole office review was conducted (a) to provide a strategic, objective, independent review of the Fund's functions and structure within the context of relevant benchmarks and best practices; (b) to identify and recommend alternative structures and staffing needed to support current and future organizational requirements; and (c) to assist the Fund in responding to the Board's request to develop a more strategic approach to the human resources requirements of the Fund.

46. The Fund retained the professional services of external consultants to perform the study, which was presented to the Board in 2008. On the basis of the consultants' recommendations, the proposed staffing configuration and additional human resource requirements for the biennium 2010-2011 aim at creating sufficient capacity to meet the challenges and to implement the activities and tasks outlined in the third management charter.

New accounting standards and consolidated accounting practices

47. In May 2006, the General Assembly approved the adoption of the International Public Sector Accounting Standards, as part of a United Nations system-wide initiative. The Assembly also approved the resources requested by the Secretary-General to begin implementation of the Standards. For this purpose, a system-wide implementation project team was created. The Pension Fund has been participating in this team and has also begun the review of the particular application of either the International Public Sector Accounting Standards or the International Financial Reporting Standards to the Fund's context and nature.

48. The United Nations has further assessed the complexity of the task and the required changes to its information systems and has delayed the implementation of the International Public Sector Accounting Standards to 2012.

49. The Fund is currently developing a comprehensive project plan for the adoption of the new accounting standards and considers that, in view of the amount of work involved, additional specialized staff will be required to adequately carry out this important initiative. The present budget proposal includes funding for implementation assistance and for the mentioned additional staff.

50. In response to the Audit Committee's recommendation to adopt a more systematic and integrated approach in the preparation of the Fund's financial statements under one unit, the present budget proposal envisages the enhancement of the accounting functions and the creation of a position of chief finance officer with overall responsibility for the accounting and reporting of both the Fund's assets and its liabilities.

Office space

51. Currently, the secretariat occupies the whole of the thirty-seventh, thirty-eighth and thirty-ninth floors and approximately 37 per cent of the fourth floor of the building at 1 Dag Hammarskjöld Plaza with the Investment Management Service occupying the balance of the fourth floor. In addition, the data centres for both the secretariat and the Investment Management Service are located on the fourth floor. In the third quarter of 2009, upon completion of the renovation, the Investment Management Service will be moving to the twentieth floor, enabling the secretariat to consolidate its Information Management Systems Service (IMSS), currently located on all four floors, on the fourth floor, together with the Integrated Pension Administration System project team.

52. During the biennium, additional office space will be needed to accommodate the 23 established and 18 temporary posts requested in the present document. At the building where the current New York offices of the Fund are located, one floor is estimated to have capacity for approximately 50 additional staff members, depending on the design that is adopted. Firm estimates will be provided in the revised budget in 2010.

53. The Geneva office rents space in an office building near the airport, comprising offices on the first floor and a separate client service and reception area on the ground floor. The rent is inclusive of all utilities, maintenance and office furniture. A five-year lease (renewable) with rental costs adjusted in line with the Swiss cost of living index, as published by the Federal Statistical Office, was signed in 2007.

Results-based budgeting, methodology and terminology

54. The current budget submission follows the results-based budgeting format adopted by the Fund in the 2008-2009 submission. Resources are requested in line with the Fund's programmes and global information is provided in the main part of the document while all justification and supporting information is contained in annexes I-XIII.

55. The following factors have been used in the calculation of resources:

(a) Delayed recruitment factors for both New York and Geneva for 2010 and 2011 have been applied to continuing Professional posts (93.5 per cent), new Professional posts (50.0 per cent), continuing General Service posts (96.5 per cent)

and new General Service posts (65.0 per cent); these factors are the ones currently used by the United Nations Secretariat for budgeting purposes;

(b) The average annual rate of inflation applied for 2010 and 2011 is 2.4 per cent for New York and 1.5 per cent for Geneva;

(c) The exchange rate applied for 2010 and 2011 for Geneva is 1.14;

(d) Within the framework of the cost-sharing arrangement between the United Nations and the Fund, a ratio, based on the current authorized staffing table, has been devised to apportion the costs. On the basis of this ratio of secretariat (165) to the Investment Management Service (49) approved posts, 77.1 per cent of the cost of IMSS posts will be subject to the cost-sharing arrangement, with the balance being charged directly to the principal of the Fund. The ratio will be adjusted in accordance with the approved staffing table as at 1 January 2010 and maintained throughout the biennium in order to apportion costs.

56. The documents and reports submitted by the Chief Executive Officer/Secretary for the consideration of the Pension Board during its fifty-sixth session, which present information and documentation provided by the Representative of the Secretary-General for the investment of the assets of the Fund, make indistinctive use of the terms "Investment Management Service" and "Investment Management Division" as well as the corresponding acronyms "IMS" and "IMD", reflecting change in the denomination from "Investment Management Service" to "Investment Management Division" which was adopted by that office in May 2009. It should be noted that the Fund's secretariat has not received official confirmation from either the Representative of the Secretary-General or the Office of Human Resources Management with respect to the above-mentioned change in denomination. In the present document, "Investment Management Service" is used pending confirmation of the change.

2. Overall resources requested

57. Human and financial resources requested for the Fund as a whole are given below along with estimated extrabudgetary resources and details of additional post requirements.

Table 5
Human resources requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Administrative								
Professional and above								
ASG	1	1	—	—	—	—	1	1
D-2	1	1	—	—	—	—	1	1
D-1	3	4	—	—	—	—	3	4
P-5	9	9	—	1	—	—	9	10
P-4	17	20	—	8	—	—	17	28
P-3	25	28	—	4	—	—	25	32

Category	Established posts 2008-2009	Established posts 2010-2011	Temporary posts 2008-2009	Temporary posts 2010-2011	Extrabudgetary posts 2008-2009	Extrabudgetary posts 2010-2011	Total 2008-2009	Total 2010-2011
P-2/1	1	1	—	—	—	—	1	1
Subtotal	**57**	**64**	—	13	—	—	**57**	77
General Service								
Principal level	8	10	—	—	—	—	8	10
Other level	99	104	—	5	1	1	100	100
Subtotal	**107**	**114**	—	**5**	**1**	**1**	**108**	**120**
Total administrative	**164**	**178**	—	**18**	**1**	**1**	**165**	**197**
Investment								
Professional and above								
D-2	1	1	—	—	—	—	1	1
D-1	2	2	—	—	—	—	2	2
P-5	10	10	—	—	—	—	10	10
P-4	8	13	—	—	—	—	8	13
P-3	5	7	—	—	—	—	5	7
P-2	—	—					—	—
Subtotal	**26**	**33**	—	—	—	—	**26**	**33**
General Service								
Principal level	9	10	—	—	—	—	9	10
Other level	14	15	—	—	—	—	14	15
Subtotal	**23**	**25**	—	—	—	—	**23**	**25**
Total investment	**49**	**58**	—	—	—	—	**49**	**58**
Total Pension Fund	**213**	**236**	—	**18**	**1**[a]	**1**[a]	**214**	**255**

[a] 1 extrabudgetary General Service (Other level) post funded by member organizations.

58. As indicated in table 5 above, the present submission provides for an additional 23 established posts and 18 temporary posts as follows:

(a) Provision is made for the secretariat for 14 additional established posts (1 D-1, 3 P-4, 3 P-3, 2 General Service (Principal level), 5 General Service (Other level)) and 18 temporary posts (1 P-5, 8 P-4, 4 P-3, 5 General Service (Other level)). Provision is also made for the continuation of one extrabudgetary post (1 General Service (Other level)) funded by member organizations;

(b) Provision is made for the Investment Management Service for 9 additional established posts (5 P-4, 2 P-3, 1 General Service (Principal level) and 1 General Service (Other level)).

Table 6
Financial resource requirements
(Thousands of United States dollars)

Category	2006-2007 expenditure	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension fund	2010-2011 estimate
Administrative costs									
Posts	28 811.5	35 252.7	1 970.1	5.6	37 222.8	3 594.9	12 985.6	27 832.1	40 817.7
Temporary posts IPAS	—	—	2 630.4	100.0	2 630.4	340.5	—	2 970.9	2 970.9
Other staff costs	1 465.7	3 632.6	305.6	8.4	3 938.2		1 202.0	2 736.2	3 938.2
Consultants	—	85.0	352.6	414.8	437.6	—	—	437.6	437.6
Travel	514.4	1 075.2	352.9	32.8	1 428.1	—	—	1 428.1	1 428.1
Contractual services	11 883.1	19 378.1	8 406.6	43.4	27 784.7	—	3 851.7	23933.0	27 784.7
Hospitality	3.3	3.2	0.8	25.0	4.0	—	—	4.0	4.0
General operating expenses[a]	9 780.6	11 771.4	(894.4)	(7.6)	10 877.0	—	3 220.2	7 656.8	10 877.0
Supplies and materials	373.1	239.4	(29.3)	(12.2)	210.1	—	87.5	122.6	210.1
Furniture and equipment	2 623.4	4 461.6	1 538.4	34.5	6 000	—	440.0	5 560.0	6 000.0
Administrative total	**55 455.1**	**75 899.2**	**14 633.7**	**19.3**	**96 532.9**	**3 935.4**	**21 787.0**	**72 681.3**	**94 468.3**
Investment costs									
Posts	7 277.3	12 122.5	1 412.4	11.7	13 534.9	2 372.2	—	15 907.1	15 907.1
Other staff costs	78.1	657.0	365.3	55.6	1 022.3	—		1 922.3	1 022.3
Consultants	869.4	1 384.5	444.3	32.1	1 828.8	—	—	1 828.8	1 828.8
Travel	576.9	1 888.0	112.0	5.9	2 000	—	—	2 000	2 000
Contractual services	31 766.8	52 210.2	4 216.7	8.1	56 426.9	—	—	56 426.9	56 426.9
Hospitality	9.5	22.0	—	—	22.0	—	—	22.0	22.0
General operating expenses	2 082.8	5 662.5	(1 874.4)	(33.1)	3 788.1	—	—	3 788.1	3 788.1
Supplies and materials	161.4	101.2	58.8	58.1	160.0	—	—	160.0	160.0
Furniture and equipment	343.3	589.6	110.4	18.7	700.0	—	—	700.0	700.0
Investment total	**43 165.5**	**74 637.5**	**4 845.5**	**6.5**	**79 483.0**	**2 372.2**	**—**	**81 855.2**	**81 855.2**
Audit costs									
External audit	582.3	682.1	(20.9)	(3.1)	661.2	—	110.2	551.0	661.2
Internal audit	1 016.3	1 907.6	(65.8)	(3.4)	1 841.8	204.7	341.1	1 705.4	2 046.5
Audit total	**1 598.6**	**2 589.7**	**(86.7)**	**(3.3)**	**2 503.0**	**204.7**	**451.3**	**2 256.4**	**2 707.7**
Board expenses	**—**	**72.7**	**27.3**	**37.6**	**100.0**	**—**	**—**	**100.0**	**100.0**
Total resources required	**100 219.2**	**153 199.1**	**19 419.8**	**12.7**	**172 618.9**	**6 512.3**	**22 238.3**	**156 892.9**	**179 131.2**
Extrabudgetary costs (after-service health insurance system)									
Operational activities		153.6	—	—	153.6	9.0	—	162.6	162.6

[a] Includes bank interest for the bienniums 2006-2007 and 2008-2009.

59. As indicated in table 6 above, the overall increase in resources requested amounts to $19,419,800 (before recosting), or 12.7 per cent, composed of increased administrative costs ($14,633,700), investment costs ($4,845,500) and Board costs ($23,000) which are partially offset by a decrease in audit costs ($86,700). The following is a summary explanation of the increases in costs with detailed explanations and justification given for administrative costs (para. 62 and annex II below), investment costs (para. 104 and annex III), audit costs (para. 125 and annex IV) and Board expenses (para. 129):

(a) The increase of $14,633,700 in administrative costs comprises the net effect of the proposed increase in posts ($4,600,500) and non-post costs ($10,033,200). Increases in non-post costs are primarily attributable to the growth in contractual services ($8,406,600), furniture and equipment ($1,538,400), travel of staff and representatives ($352,900), consultants ($352,600), other staff costs ($305,600) and hospitality ($800), partially offset by reductions in general operating expenses of $894,400 and in supplies and materials of $29,300. Of the total increase, $14,121,500 is directly attributable to the implementation of the Integrated Pension Administration System project;

(b) The increase in resources of $4,845,500 in investment costs comprises the net effect of the proposed increase in posts ($1,412,400) and non-post costs of ($3,433,100). Increases in non-posts costs are primarily caused by growth in contractual services ($4,216,700), consultants ($444,300), other staff costs ($365,300), travel ($112,000), furniture and equipment ($110,400) and supplies and materials ($58,800), partially offset by a reduction in general operating expenses of $1,874,400 resulting from completion of the renovations of the twentieth floor;

(c) The decrease of resources for audit amounting to $86,700 comprises a decrease in the apportioned cost applicable to the Fund for the Board of Auditors ($20,900) and, in relation to Internal Audit, the net effect of proposed increases in consultants ($80,000), training ($21,800), general operating expenses ($20,800), supplies and materials ($3,500) and a decrease in contractual services ($146,300), travel of staff ($44,100) and furniture and equipment ($1,500).

60. The estimated percentage distribution of resources and resources requested by component for the Fund is summarized in tables 7 and 8, below, respectively.

Table 7
Percentage distribution of resources by component: Fund

Component	*Regular budget*	*Extrabudgetary*
A. Executive direction and management	8.0	
B. Programme of work		
1. Operations, financial services	16.8	100.0
2. Investments	33.5	
Subtotal B	**50.3**	**100.0**
C. Support		
1. Information technology	30.6	

Component	*Regular budget*	*Extrabudgetary*
2. Administrative support	9.5	
Subtotal C	**40.1**	
D. Audit	1.5	
E. Pension Board	0.1	
Total	**100.0**	**100.0**

Table 8
Resource requirements by component: Fund
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Component	*2008-2009*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
1. Regular budget								
A. Executive direction and management	10 847.1	2 967.4	27.4	13 814.5	1 001.2	1 895.5	12 920.2	14 815.7
B. Programme of work								
1. Operations, financial services	28 412.9	664.2	2.3	29 077.1	2 329.7	9 527.0	21 879.8	31 406.8
2 Investments	57 143.2	630.0	1.1	57 773.2	1 838.1	—	59 611.3	59 611.3
Subtotal B	**85 556.1**	**1 294.2**	**1.5**	**86 850.3**	**4 167.8**	**9 527.0**	**81 491.1**	**91 018.1**
C. Support								
1. Information technology	36 539.4	16 341.0	44.7	52 880.4	950.9	6 750.0	47 081.3	53 831.3
2 Administrative support	17 594.1	(1 123.4)	(6.4)	16 470.7	187.7	3 614.5	13 043.9	16 658.4
Subtotal C	**54 133.5**	**15 217.6**	**28.1**	**69 351.1**	**1 138.6**	**10 364.5**	**60 125.2**	**70 489.7**
D. Audit	2 589.7	(86.7)	(3.3)	2 503.0	204.7	451.3	2 256.4	2 707.7
E. Pension Board	72.7	27.3	37.5	100.0	—	—	100.0	100.0
Total	**153 199.1**	**19 419.8**	**12.7**	**172 618.9**	**6 512.3**	**22 238.3**	**156 892.9**	**179 131.2**
2. Extrabudgetary	**153.6**	—	—	**153.6**	**9.0**	—	**162.6**	**162.6**

61. The requested additional posts are summarized in table 9.

Table 9
Summary of post requirements

Section	*Action*	*Post*	*Number of posts*	*Category*
Administration				
Executive direction and management				
Office of the Chief Executive Officer				
Office of the Chief Executive Officer	New post	Senior Staff Assistant	1	General Service (Other level)
	New post	Legal Assistant	1	General Service (Other level)
	New post	Risk Management Officer	1	P-4
Programme of work				
Operations				
Operations	New post	Senior Benefits Officer	1	P-4
	New post	Information Management Officer	1	P-3
	New post	Senior Benefits Assistant	2	General Service (Principal level)
	New post	Benefits Assistant	2	General Service (Other level)
	Temporary post	Project Coordinator (Participation), Integrated Pension Administration System	1	P-4
	Temporary post	Project Coordinator (Entitlements), Integrated Pension Administration System	1	P-4
	Temporary post	Project Administrator (Two-track), Integrated Pension Administration System	1	P-4
	Temporary post	Benefits Officer, Integrated Pension Administration System	2	P-3
	Temporary post	Project Assistant (Records Management Unit and Client Services), Integrated Pension Administration System	1	General Service (Other level)
Financial Services Section	New post	Chief Finance Officer	1	D-1
	New post	Cashier Assistant	1	General Service (Other level)
	Temporary post	Project Coordinator (Payments, Pension Adjustment System, Accounting), Integrated Pension Administration System	3	P-4
	Temporary post	Project Assistant (Treasury and Cashier, Interfaces, Reconciliation), Integrated Pension Administration System	3	General Service (Other level)
Geneva Office	New post	Accountant	1	P-3
Programme support				
Information Management Systems Service	New post	Information Systems Officer — Production Control and Quality Assurance Manager	1	P-4

Section	*Action*	*Post*	*Number of posts*	*Category*
	New post	Information Security Analyst	1	P-3
	Temporary post	Project Manager, Integrated Pension Administration System	1	P-5
	Temporary post	Procurement Officer (in United Nations Procurement Division), dedicated to Integrated Pension Administration System (one year)	1	P-4
	Temporary post	Manager — Client Services and Benefits Entitlements, IPAS	1	P-4
	Temporary post	Systems Analyst (Pensions), Integrated Pension Administration System	1	P-3
	Temporary post	UNIX Administrator, Integrated Pension Administration System	1	P-3
	Temporary post	Computer Administrator (Network Support), Integrated Pension Administration System	1	General Service (Other level)
Investment				
Programme of work				
Investments Section	New post	Investments Officer — North American equity	1	P-4
	New post	Investment Officer — fixed income	1	P-4
	New post	Investment Officer — real estate	1	P-4
	New post	Investment Management Assistant — fixed income	1	General Service (Other level)
Programme Support				
Information Systems Section	New post	Database Administrator	1	P-4
	New post	Information Systems and Security Officer	1	P-4
	New post	Trading, Operations and Reconciliation Systems Officer	1	P-3
	New post	SWIFT, Risk and Compliance Systems Officer	1	P-3
	New post	Senior Information Systems Assistant	1	General Service (Principal level)

B. Administrative costs

1. Overview

62. The secretariat is responsible for managing the United Nations Joint Staff Pension Fund under the authority of the Pension Board. It aims to provide related services to participants, as well as pension revenues and related benefits to retirees and beneficiaries in the best conditions of security, performance, responsibility and accountability and in full compliance with the highest standards of efficiency, competence and integrity. In order to deliver such services, the Fund must deal with an increasingly complex set of regulations, linked to past decisions taken either on the grounds of economy measures or in response to strong social demand for new

categories of beneficiaries. It must also continue to adapt its processes and procedures to an ever-changing banking and regulatory environment.

63. The overall level of resources for administrative costs amounts to $90,532,900 before recosting, reflecting a net increase of $14,633,700, or 19.3 per cent, from the revised appropriations for the 2008-2009 biennium. The net increase as shown in table 11 below can be summarized as follows:

(a) *Executive direction and management*. The increase of $2,045,900 reflects post and non-post requirements related to the establishment of 3 additional posts in the Office of the Chief Executive Officer (1 P-4, 2 General Service (Other level)). Increase in non-post costs is attributed to the growth in other staff costs ($1,069,300), travel ($298,700), consultants ($152,600), contractual services ($148,300), and hospitality ($800);

(b) *Programme of work, operations and financial services*. The increase of $664,200, is as a result of post requirements of $3,029,200 for the proposed 9 established posts (1 D-1, 1 P-4, 2 P-3, 2 General Service (Principal level), 3 General Service (Other level)) and 12 Integrated Pension Administration System project temporary posts (6 P-4, 2 P-3, 4 General Service (Other level)), and additional non-post resources of $700,000 for contractual services ($500,000) and consultants ($200,000). It should be noted that total growth in posts and non-post resources has been offset by a decrease of $2,003,700 in operating expenses and of $1,061,300 in general temporary assistance;

(c) *Programme support*. The increase of $11,923,600 is attributable to IMSS ($9,246,400) and the Executive Office ($2,677,200). For IMSS the increase in resources for posts is as a result of the proposed 2 new established posts (1 P-4, 1 P-3) and 6 new Integrated Pension Administration System project temporary posts (1 P-5, 2 P-4, 2 P-3, 1 General Service (Other level)). The increase in non-post resources is composed primarily of contractual services ($5,833,600), additional furniture and equipment ($1,544,500), additional general operating expenses in the form of communication costs ($321,400), general temporary assistance ($297,600) and travel ($54,200). The increase in non-post resources is due to information technology projects, including the Integrated Pension Administration System ($11,860,500). The increase in non-post requirements in the Executive Office for contractual services ($1,924,700) and general operating expenses ($787,900) is due to maintenance and renovation projects and the use of additional office space in connection with the full occupancy of the fourth floor by the secretariat, comprising rental of premises, rental of equipment and operating expenses based on actual expenditure.

64. The estimated distribution of resources is shown in table 10 and resource requirements by component in table 11 below.

Table 10
Percentage distribution of resources by component: administrative costs

Component	*Regular budget*	*Extrabudgetary*
A. Executive direction and management	8.0	
B. Programme of work (operations, financial services)	32.1	100.0
C. Support		
1. Information Management Systems Service	45.5	
2. Executive Office	14.4	
Subtotal C	**59.9**	
Total	**100.0**	**100.0**

Table 11
Resource requirements by component: administrative costs
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Component	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
1. Regular budget								
A. Executive direction and management	5 226.6	2 045.9	39.1	7 272.5	665.9	1 895.5	6 042.9	7 938.4
B. Programme of work (operations, financial services	28 412.9	664.2	2.3	29 077.1	2 329.7	9 527.0	21 879.8	31 406.8
C. Support								
1. Information Management Systems Service	31 939.9	9 246.4	28.9	41 186.3	752.1	6 749.9	35 188.5	41 938.4
2. Executive Office	10 319.8	2 677.2	25.9	12 997.0	187.7	3 614.6	9 570.1	13 184.7
Subtotal C	**42 259.7**	**11 923.6**	**28.2**	**54 183.3**	**939.8**	**10 364.5**	**44 758.6**	**55 123.1**
Total	**75 899.2**	**14 633.7**	**19.3**	**90 532.9**	**3 935.4**	**21 787.0**	**72 681.3**	**94 468.3**
2. Extrabudgetary	**153.6**	—	—	**153.6**	**9.0**	—	**162.6**	**162.6**

2. Executive direction and management

Resource requirements (before recosting): $7,272,500

65. The Chief Executive Officer is responsible for managing the Fund, under the authority of the Pension Board, to provide related services to the member organizations and to the participants, retirees and beneficiaries. In providing such services, the Chief Executive Officer must ensure that a framework is in place so that the Fund can operate in the best conditions of security, performance, responsibility and accountability and in full compliance with the highest standards of efficiency, competence and integrity. As part of its responsibility within such a

framework, the Fund must deal with an increasingly complex and continuously evolving plan design, as set out in its Regulations and Rules and in its unique and complex pension adjustment system. The Chief Executive Officer must ensure that the Fund is in position to continuously and accurately weigh its actuarial costs, adapt its plan design, and adjust its processes and procedures to accommodate an ever-changing workforce that is clearly affected by long-term societal changes, including increased longevity, while at the same time carrying out its responsibilities in an evolving banking and regulatory environment.

66. The Fund's member organizations, the number of its participants, retirees and beneficiaries, the financial environment in which it operates and the value of the assets and liabilities under its management have all grown dramatically over its sixty-year history. The overall number of individuals serviced by the Fund, which already exceeds 170,000, is expected to increase steadily in the medium term and beyond. The international and multi-organizational nature, and the multi-tiered benefit structure of the Fund, will all continue to present new and increasingly intricate and demanding challenges. There has been, and will continue to be, a steady and dramatic increase in responsibilities and demands being placed on the Fund. In response to the Board's request for a more strategic approach to the Fund's human resource requirements and with a view towards identifying its needs in the medium term, the Fund carried out a high-level review that took into account the circumstances and pressing challenges facing it.

67. The strategic vision that emanated from the Fund's whole office review was presented to the Board in 2008. The recommendations contained in that review were aimed not only at enabling the Fund to effectively manage its operations in the medium term, but also to begin laying the groundwork for managing the Fund over the long term. The Fund is truly a long-term entity, with actuarial valuations assuming perpetuity. While it has been confirmed that the Fund has a sound actuarial process, that its asset allocation is secure and that it is stable and well-funded, management must continue to ensure that the staffing and organizational structure keeps pace with the accelerating growth in its servicing requirements. In addition to maintaining adequate staffing levels, management must ensure that the staff has the technical experience, capabilities and comprehensive understanding of the Fund's plan design that are required to maintain its long-term operational and financial viability. While the financial risks of the Fund are regularly monitored and evaluated and are well recognized, the growth in the overall size of the Fund and the ensuing and increasing complexities, which pose equally important risks, are not as easily measured or as widely recognized. The Fund needs to put in place the machinery to address the growing complexities, not only in its operations but also in its plan design. The first step in this long-term planning approach was presented to the Board in July 2008 as part of the Fund's whole office review. That review recognized the need for a new team that would provide the Fund with continuity in its technical expertise and risk monitoring capabilities. It is on this basis that the Fund envisages the establishment of the technical evaluation and risk management team.

68. Basically, the technical evaluation and risk management team would provide the Fund with a more permanent and specialized structure for dealing with its periodic actuarial valuation processes and its requirement for carrying out periodic asset-liability modelling studies, and a better capacity for adhering to its risk management Policy. In order to help in the management and analysis of the

extensive flow of pension data and the ensuing actuarial implications, the Fund should have in its offices the capability to direct all actuarial work required by the Fund. It should also be fully in position to manage and more regularly assess the risks emanating from the technical complexities associated with the administration of the Fund in general and its unique and complex plan design issues in particular. By creating a separate technical evaluation and risk management team with extensive experience in the Fund's actuarial and risk management matters, the Fund would be better able to respond to the high level of technical issues regularly raised by the Pension Board and which impact most directly on the participants and beneficiaries of the Fund. The Fund's management would then be able to dedicate its full-time attention to the most important vulnerabilities in the operations and plan design of the Fund. It should be stressed, however, that having in-house actuarial expertise does not suggest that the Fund would be doing its own actuarial and asset liability modelling. Rather, having in-house actuarial capabilities would ensure that all outside actuarial work is done consistently, comprehensively and in a fully integrated manner, taking into account the views of the Committee of Actuaries and the requests of the Pension Board. The new team would also facilitate implementation of the Board's recent decisions to incorporate the asset-liability management process into the long-term framework of the Fund and to begin formal bidding exercises for future contractual arrangements for actuarial services. In fact, in 2008 the Board noted the intention to propose the development of an in-house actuarial capacity to complement the services provided by the Consulting Actuary. In addition, and in light of the future open bidding process, such a capacity would also provide the Fund with the required capacity to ensure continuity in its actuarial processes. The technical evaluation and risk management team would therefore also help ensure better continuity in the comprehension of the Fund's intricate plan design issues, which have evolved over 60 years. Having such an in-house technical capability will also help the decision makers to better understand the impact of changes in the Fund's plan design (i.e. changes in benefit scope or structure, revisions to the provisions of the two-track feature, etc.) on the operational platform, on the plan's long-term solvency and on financial volatility.

69. The technical evaluation and risk management team would be highly technical in nature and advisory in its functional role. While the team would not be functionally part of the Office of the Chief Executive Officer, the description of its role and responsibilities has been included in the present section of the document for ease of reference. In addition to the Fund's existing statistician post (P-3), in the future the team would include three new posts. However, for the biennium 2010-2011 it is proposed that only the post of Risk Management Officer be established. The two additional posts (D-1 and General Service (Other level)) required for the formation of the team were not recommended by the Pension Board to be included in the budget proposal. Therefore, the formation of the team as described above will be postponed.

Table 12
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To ensure full implementation of the Fund's programme of work in compliance with the Regulations and Rules of the Fund and with decisions and guidelines issued by the Pension Board and General Assembly.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Implementation of the Fund's programme of work as defined by the Fund's Management Charter	(1.1) Successful implementation of the detailed action plans *Performance measures* 2006-2007: 100 per cent Estimate 2008-2009: 100 per cent Target 2010-2011: 100 per cent	(1.1.1) Efficient, effective, transparent and sustainable processing of contributions and benefits payments.
(2) Timely recruitment and placement of staff	(2.1) Reduction in the average number of working days a Professional post remains vacant *Performance measures* 2006-2007: 200 days Estimate 2008-2009: 200 days Target 2010-2011: 150 days	(2.1.1) Vacant positions kept at minimum
(3) Improved gender balance of staff	(3.1) Increased percentage of women at the Professional level and above for appointments of one year or more *Performance measures* 2006-2007: 35 per cent Estimate 2008-2009: 36 per cent Target 2010-2011: 50 per cent	(3.1.1) Work environment that promotes the participation of qualified women
(4) Effective backstopping/ servicing/management of Boards and Committees	(4.1) Satisfaction of Pension Board, Standing Committee, Committee of Actuaries, Audit Committee and Working Groups *Performance measures* (number of complaints) 2006-2007: No complaints about support provided	(4.1.1) Relevant and technically sound drafting of approximately 100 documents for submission to the Pension Board, Committee of Actuaries, Audit Committee and Working Groups

	Estimate 2008-2009: No complaints about support provided Target 2010-2011: No complaints about support provided	
(5) Monitor and work to improve overall performance	(5.1) Establish and monitor quarterly high-level performance indicators for the main goals, as defined by the Management Charter *Performance measures* 2006-2007: not applicable Estimate 2008-2009: not applicable Target 2010-2011: 100 per cent of performance indicators	(5.1.1) Eight Quarterly Management Charter objectives and action plans progress reports
(6) Improved uniformity and consistency in the application of the Regulations, Rules and Pension Adjustment System	(6.1) Develop and populate a Pension Fund case digest for the codification of jurisprudence of the Standing Committee and United Nations Administrative Tribunal appeal cases *Performance measures* 2006-2007: not applicable Estimate 2008-2009: not applicable Target 2010-2011: 90 per cent of cases	(6.1.1) Pension Fund case digest

External factors

70. The Executive Direction and Management is expected to achieve its objective and expected accomplishments on the assumption that adequate human and financial resources are provided.

Other outputs

71. During the biennium, the following outputs will be delivered:

(a) Servicing of intergovernmental and expert bodies: 2 Pension Board sessions; 2 meetings of the Standing Committee; 2 meetings of the Committee of Actuaries, 6 meetings of the Audit Committee and approximately 4 Working Groups; 1 joint session of the Committee of Actuaries and the Investments Committee; 8 meetings of the United Nations Staff Pension Committees;

(b) Drafting of documents: approximately 100 papers for submission to the Pension Board, Committee of Actuaries and Working Groups; 15 notes to the Audit

Committee in addition to the substantive, technical and administrative servicing of its sessions; 8 meetings of the United Nations Staff Pension Committees;

(c) Substantive, technical and administrative servicing of the sessions of the Standing Committee: preparation of approximately 12 requests for review/appeals to the Standing Committee, introducing the cases to the Committee and drafting its decisions; acting as a Respondent in the United Nations Administrative Tribunal in cases concerning pension matters, including the preparation of the Respondents' Answers (approximately 10); legal research, analysis of precedents, correspondence with the Applicants;

(d) Substantive, technical and administrative servicing of the sessions of the United Nations Staff Pension Committee (8): preparing applications for disability benefit (approximately 140 new adult cases, 40 child cases and 190 review cases); 2 appeals cases;

(e) Other substantive activities:

(i) Efficient succession planning for retiring staff; advance planning to avoid vacancies by the retirement of staff and to encumber other vacant posts, owing to staff turnover, within five months of the vacancy being announced;

(ii) Efficient administration and control of the following:

- Integrated Pension Administration System Project
- Business continuity and disaster recovery planning
- Information technology consolidation
- Asset liability management study
- Business impact analysis
- Data warehouse
- Procurement Advisory Committee;

(iii) Advice and assistance on maintaining privileges and immunities of the Fund; advice on questions relating to the interpretation and application of the Pension Fund Regulations, administrative policies and procedures; negotiations of agreements and other legal instruments with international and intergovernmental organizations; codification of jurisprudence of the Standing Committee and Administrative Tribunal cases.

Table 13
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	2 982.9	3 359.1	10	13
Non-post	2 153.7	3 913.4	—	—
Total	**5 226.6**	**7 272.5**	**10**	**13**

72. The amount of $7,272,500 provides for the continuation of 10 existing posts and 3 new established posts in the Office of the Chief Executive Officer (1 P-4, 2 General Service (Other level)). Non-post resources relate to the administration as a whole and comprise other staff costs, consultants, travel of staff, travel of the Committee of Actuaries and Audit Committee, contractual services and hospitality.

3. Programme of work

Operations

Resource requirements (before recosting): $29,077,100

73. Following a recommendation made on the basis of the whole office review that was carried out in 2008, the Chief Executive Officer decided to segregate the Fund's financial services from its operations entity. It was decided that although there was an important link between the calculation and processing of entitlements (operations) and the payment of and accounting for the ensuing benefits (financial services), there should nevertheless be a distinct segregation of the functions. The Chief Executive Officer decided to implement this recommendation for a number of reasons.

74. First, it was found that the breadth and volume of the Fund's financial transactions warranted focused and specialized management. The Fund's annual financial transactions amount to some $3.6 billion (considering both benefit payments and contribution collections). Every month, the Fund processes some 60,000 periodic benefit payments in 15 currencies and effects payments to the respective retirees and other beneficiaries residing in some 190 countries. Second, pension entitlement determination and processing responsibilities, which have grown in both scope and complexity, are quite different in nature from those associated with financial activities. Operations should therefore be fully focused on establishing the correct benefit entitlements. Financial services should be concerned with paying correctly the already established benefit. Operations focuses on the integrity of the calculation, which once established remains valid for the lifetime of the retiree and any eligible survivor. Financial services focuses on the integrity of the payment. By separating these functions and establishing financial services as separate and distinct from operations, clear responsibility can be established and greater accountability can be institutionalized between these two core functions of the Fund. Third, the professional qualifications required for operations and finance are clearly separate and distinct. The fourth and most compelling reason for separating these critical functions of the Fund is derived from observation of best practices in the industry: in virtually all major pension operations, these functions are separated to enhance the control environment. Having one distinct entity to determine eligibility, calculate the benefit and process it for payment and another to effect and account for the actual payment provides a necessary barrier to potential internal control conflicts in pension administration. The Chief of Operations and the Chief of Financial Services report separately and directly to the Chief Executive Officer of the Fund.

75. Operations comprises the Pension Entitlements Section and the client services, records management and distribution Unit in both the New York and Geneva offices. The Chief of Operations is responsible for the management and direction of the Service in accordance with the goals set out in the Fund's management charter. The Chief of Operations must ensure adherence to the Fund's Regulations, Rules and Pension Adjustment System, while duly operating within specific quality management, internal control and communications policies. More specifically, the

Operations Service is responsible for the overall management and control of the processing of all Pension Fund benefit entitlements and client-oriented services to over 170,000 participants, retirees and other beneficiaries.

Table 14
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To ensure that all eligible participants, retirees and other beneficiaries are serviced in accordance with the Regulations, Rules and Pension Adjustment System of the Fund, while fully adhering to the communications, quality management and internal control policies as outlined in the Fund's management charter (2008-2011).

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Effective management of the processing of Pension Fund benefit entitlements	(1.1) The timely processing of withdrawal settlements, periodic retirement benefits and lump sum commutation benefits *Performance measures* (benchmark 15 business days) 2004-2005: 72 per cent of cases completed within 15 days 2006-2007: 79 per cent of cases completed within 15 days Estimate 2008-2009: 82 per cent of cases completed within 15 days Target 2010-2011: 82 per cent of cases completed within 15 days	(1.1.1) Process an estimated 17,000 withdrawal settlements and retirement benefits (1.1.2) Process 5,300 other benefits (i.e. survivor, child, two-track benefits, etc.)
(2) Provide quality and consistent client-oriented services to the Pension Fund clientele	(2.1) Respond in a timely manner to incoming correspondence through mail and e-mail *Performance measures* (benchmark 15 business days) 2004-2005: 31 per cent of queries responded to within 15 business days 2006-2007: 55 per cent of queries responded to within 15 business days Estimate 2008-2009: 65 per cent of queries responded to within 15 business days Target 2010-2011: 65 per cent of queries responded to within 15 business days	(2.1.1) Process an estimated 11,000 queries by mail and e-mail (2.1.2) Receive and provide services to an estimated 6,000 walk-in clients

External factors

76. Operations is expected to achieve its objectives on the assumption that adequate human and financial resources are provided. Recognition must therefore be given to the critical juncture in the evolution of the Fund that is outside its control. The Fund has experienced steady growth since its inception and unprecedented growth during the last 10 years in the population it services. At the same time, the Fund has been expanding its provisions to cover not only a greater number of individuals, but also to address a wider scope of circumstances, thus resulting in increasing complexities. The growth in the volume of the related work in Operations and the increasing complexities are occurring at the same time as a steady loss in Operations' institutional memory. This challenge is compounded by the fact that the Fund is currently gearing up for the move to the new integrated Pension Administration System platform, which will impact most heavily on the operational arm of the Fund.

Other activities and outputs

77. In addition to the planned outputs indicated in table 14 above, Operations will be involved in the following activities and outputs during the period covered by the Fund's third management charter (2008-2011):

(a) Pre-implementation tasks such as documentation of procedures, algorithms and subsequent transition to the Integrated Pension Administration System platform;

(b) Efficient recording, monitoring and enhancement of the controls of its client interfaces;

(c) Development and implementation of a client relationship management system;

(d) Review and development of enhanced training materials for workshops and seminars that are to be provided to Fund staff (in both offices), participants, retirees and other beneficiaries, as well as to the Staff Pension Committee secretariats and other human resources staff of the member organizations;

(e) Development and implementation of a secure signature system to add graphical signatures for comparison purposes to the electronic folders of each individual being serviced by the Fund;

(f) Enhancement of the controls and a redesign of the certificate of entitlement form, with further efforts to streamline the overall process;

(g) Enhancement and continued development of performance data.

Financial services

78. As described in the previous section, following a recommendation made on the basis of the whole office review that was carried out in 2008, the Chief Executive Officer decided to segregate the Fund's financial services from operations. According to the revised organizational structure, the Chief of Financial Services reports directly to the Chief Executive Officer of the Fund.

79. The Financial Services Section provides comprehensive services through its Payments, Accounts and Cashier/Cash Management Units, and is accountable for all

financial, accounting and disbursement operations of the Fund. The Fund's annual financial transactions amount to some $3.6 billion (considering both benefit payments and contribution collections). Every month, the Fund processes approximately 60,000 periodic benefit payments in 15 currencies and effects payments to retirees and other beneficiaries residing in over 190 countries. The Section is also responsible for producing accurate and timely financial statements for the Fund as a whole, including the Investment Management Service, and for liaising and coordinating with both internal and external auditors with regard to the financial aspects of the Fund.

Table 15
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: Ensure full accountability for all financial, accounting, and disbursement operations of the Fund, including the issuance of accurate and timely financial statements and liaison with both Internal and External Auditors regarding financial matters.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Effective management of periodic payments	(1.1) Timely payment of UNJSPF payroll	(1.1.1) All beneficiaries receive accurate and timely benefits
	Performance measures	
	2006-2007: 1,100,000	
	Estimate 2008-2009: 1,200,000	
	Target 2010-2011: 1,300,000	
	(1.2) Timely payment of Pension Fund miscellaneous payments	
	Performance measures (payments related to benefit reinstatements made within 15 days of receipt of the appropriate documents; all other payments within 30 days of receipt)	
	2006-2007: 100 per cent	
	Estimate 2008-2009: 100 per cent	
	Target 2010-2011: 100 per cent	
(2) Provide quality and consistent contribution recording, including timely reconciliation of participant reconciliation exception cases that arise from the year-end process	(2.1) Number of resolved participant reconciliation exceptions	(2.1.1) Timely processing of year-end schedules and reduction in the number of outstanding cases
	Performance measures	
	2006-2007: 7,000	
	Estimate 2008-2009: 8,000	

	Target 2010-2011: 8,500	
	(2.2) Timely processing of year-end schedules submitted by member organizations	
	Performance measures (verify records for all participants within six weeks of receipt of year-end schedule)	
	2006-2007: 100 per cent	
	Estimate 2008-2009: 100 per cent	
	Target 2010-2011: 100 per cent	
(3) Provide quality and consistent financial statements and establish policies and procedures to implement appropriate international accounting standards	(3.1) Timely provision of financial statements	(3.1.1) Preparation of Fund financial statements under appropriate international standards
	Performance measures (draft statement issued by 15 April of the following year)	
	2006-2007: by the due date	
	Estimate 2008-2009: by the due date	
	Target 2010-2011: by the due date	
	(3.2) Implementation of appropriate international accounting standards	
	Performance measures	
	2006-2007: not applicable	
	Estimate 2008-2009: not applicable	
	Target 2010-2011: International accounting procedures and processes in place	
	Target 2012: Preparation of Fund financial statements under appropriate international standards	

Other substantive activities

(a) Production of three sets of financial statements and associated documents; preparation of updated financial statements and rules in light of the change from United Nations system accounting standards to International Accounting Standard 26

(b) Reduction in number of outstanding audit observations between reports (allowing for additional observations arising in the interim) on the areas under supervision and technical accounting issues

(c) Full reconciliation for all remitting entities to be produced in the specified time frame of six months following the submission of the year-end schedules

(d) Full reconciliation of the data held in the master separation file records to payroll history records for the annual and biennial close

(e) Conduct presentations and training on contribution related PRE issues in New York, Geneva and with large reporting entities

(f) Certified bank reconciliation to be produced on time

(g) Bank reconciliation to be completed on a monthly basis

Table 16
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	23 547.2	26 576.4	121	142
Non-post	4 865.7	2 500.7	—	—
Subtotal	**28 412.9**	**29 077.1**	**121**	**142**
Extrabudgetary	153.6	153.6	1	1
Total	**28 566.5**	**29 230.7**	**122**	**143**

80. The amount of $29,077,100 provides for the continuation of 121 posts, 9 new established posts (1 D-1, 1 P-4, 2 P-3, 2 General Service (Principal level), 3 General Service (Other level)) and 12 new temporary posts (6 P-4, 2 P-3, 4 General Service (Other level)) and for non-post requirements. Non-post resources relate to general temporary assistance, consultants, contractual services and bank charges. The increase in non-post resources is primarily due to implementation of the Integrated Pension Administration System and International Financial Reporting Standards/ International Public Sector Accounting Standards projects in 2010-2011.

81. At its 186th meeting the Standing Committee reviewed a note on the after-service health insurance premium deduction programme undertaken by the Fund. As a result, extrabudgetary resources were approved, funded by participating member organizations and at no cost to the Fund. One General Service (Other level) post was funded in the 2006-2007 and 2008-2009 bienniums and there is a requirement to continue the General Service post for the 2010-2011 biennium. Provision is made for $153,600 (before recosting) for one General Service (Other level) post to be funded by member organizations participating in the after-service health insurance programme.

4. Programme support

Information Management Systems Service

Resource requirements (before recosting): $41,186,300

82. Under the guidance of the Pension Fund governance model for information and communications technology, the Information Management Systems Service (IMSS) is responsible for the Fund's information system services, maintaining information and communication technologies, coordinating the implementation of strategic decisions taken by the Information Technology Executive Committee, establishing training plans for information and communication technology staff and providing the necessary tools for supporting knowledge exchange and cooperative work.

83. The Service is responsible for the provision of overall computing office automation, software/systems design, development and implementation, hardware support, telecommunications, shared infrastructure services including the Investment Management Service, supervision and technical leadership of information technology operations in the Geneva office of the Fund, management of resources, infrastructure and conference room support.

84. The enterprise systems function undertakes the analysis, design, programming and implementation of complex customized and packaged applications that manage various mission-critical operations of the Fund and its working interfaces with various member organizations. The enterprise operations function coordinates and monitors the performance, security and integrity of the Fund's complex integrated systems network. It provides infrastructure support for enterprise-wide applications such as electronic mail, the United Nations Joint Staff Pension Fund Administration System (PENSYS), Lawson, the content management system, the Pension Fund's Web systems, data warehouse and knowledge management system, and provides a help desk and disaster recovery service for the Fund's operations. The enterprise information management function manages various multi-platform databases and provides integrated reporting through the Fund's data warehouse reporting system.

85. In the 2010-2011 biennium, IMSS will address the initiatives defined in the Fund's third management charter, with special emphasis placed on the design, development and implementation of the Integrated Pension Administration System leading to overall improvements in efficiency, effectiveness and quality of service.

86. The Service will also provide consolidated Fund-wide information technology services to the Investment Management Service and the Fund's Geneva office. The Service will build upon the initiatives recently completed, placing a renewed emphasis on knowledge management, seamless transaction sharing, information technology security risk management, consolidated data information and reporting, quality assurance and communication. To achieve its goals and objectives, IMSS will continue to emphasize the need for proper project planning and quality management.

87. To achieve the objectives stated in the third management charter for the 2010-2011 biennium, IMSS will focus on sustaining the quality of ongoing operations, while also introducing new projects to accommodate a dynamic business model and the need for increased capacity and improved client service and reach.

88. At its fifty-fifth session, in July 2008, the Board took note with appreciation of a study performed by the Fund and an external consulting firm which recommended the migration to an Integrated Pension Administration System to encompass the adoption of new process-driven working practices, modernization of the information technology platform and introduction (where required) of new systems. The programme of change was also outlined in a high-level business case and presented to the Board. The Board approved the implementation approach recommended and requested that the Secretary/Chief Executive Officer present, in the context of the budget presentation for 2010-2011, a comprehensive proposal on the topic, including detailed costs related to (a) hardware; (b) software; (c) contractual services, including costs of systems integrators and other external consultants; and (d) other costs required for the project. A comprehensive project proposal, including funding estimates and completion time frames, is provided in annex XIII to the present document.

89. Funding for the following seven initiatives, including the high-priority Integrated Pension Administration System project, is requested in the 2010-2011 biennium:

(a) The Integrated Pension Administration System initiative will involve the implementation of an integrated system to replace the Fund's ageing systems environment. This project constitutes over 40 per cent of information technology resource growth in the 2010-2011 biennium and represents a major undertaking which will result in the replacement of ageing information systems and improved capacity under the target operating model presented to the Pension Board at its 2008 session. This initiative will also lead to the development of enterprise-wide information technology systems, which support a horizontal approach to transaction management, breaking down established silos, in favour of an end-to-end process-driven approach;

(b) The member organization information-sharing initiatives will expand upon applications related to interfaces with member organizations as a means to electronically share more participant and beneficiary information, namely personnel actions and financial transactions;

(c) The client services initiatives will enhance communications with participants and beneficiaries with the introduction of client relationship management collaborative software which will help the Client Services Units of New York and Geneva to manage their workload more efficiently;

(d) The Web systems initiatives will provide beneficiaries and participants with direct access to personalized information through the use of custom Web-based applications. Custom "portals" providing role-based content between Pension Fund staff, member organizations, participants, beneficiaries, committees, governing bodies and working groups will also be included in this project;

(e) The enterprise systems initiatives will ensure that mission-critical business systems (e.g. content management and Lawson) are current with vendor updates, releases and upgrades. These initiatives will further implement the enhancements to these enterprise systems to support the requirements of the business;

(f) The enterprise operations initiatives will ensure that the Pension Fund's computing infrastructure remains secure, updated and flexible while taking

advantage of advanced technologies to support improvements in performance and quality of service;

(g) The initiative for information technology consolidation with the Investment Management Service will ensure that all remaining aspects of the consolidation between the computing infrastructures of the Investment Management Service and the Pension Fund secretariat are accomplished under one service, driven by a common service delivery agreement. New Investment Management Service projects requiring information technology infrastructure services will be accommodated as requested.

Table 17
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To ensure that information and communication technology is a strong enabler for strengthening and modernizing the Pension Fund's information systems.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Progress in modernizing the Fund's information systems platform	(1.1) The enterprise information technology architecture which supports the redesigned business processes *Performance measures* 2006-2007: not applicable Estimate 2008-2009: not applicable Target 2010-2011: Project deliverables completed according to milestone dates	(1.1.1) Translating the organization's functional and operational requirements into the effective and efficient acquisition and implementation of information and communications technology architecture, for the proposed Integrated Pension Administration System initiative, with a focus on improving the management of information and the efficiency of the Fund's operations
(2) Increased efficiency and effectiveness in service provided to clients	(2.1) Percentage of time when information technology services are available to clients *Performance measures* 2006-2007: 99 per cent Estimate 2008-2009: 99 per cent Target 2010-2011: 99 per cent	(2.1.1) The enterprise operations initiatives will provide technical, operational and help desk support for applications, servers, personal computers and mobile devices connected to the Fund's networks in New York and Geneva

(3) Increased effectiveness of information technology governance model, software development methodologies and administrative processes	(3.1) Percentage of information technology systems at current level of support *Performance measures* 2006-2007: 85 per cent Estimate 2008-2009: 95 per cent Target 2010-2011: 95 per cent	(3.1.1) The enterprise operations and information services will monitor various applications, equipment and network loads/traffic from the command centre to prevent failure of services. They will also ensure that software versions are at current levels where practical, and if necessary, perform systems upgrades using software development life-cycle methodologies
(4) Increased use of electronic repositories for sharing information	(4.1) Percentage of IMSS documentation available within knowledge management system *Performance measures* 2006-2007: 50 per cent Estimate 2008-2009: 80 per cent Target 2010-2011: 95 per cent	The enterprise operations service will provide the following: (4.1.1) Enhance and introduce easier to use knowledge management technologies (4.1.2) Provide training and support to various clients (4.1.3) Provide connections to knowledge management system to enhance the ease of information-sharing
(5) Increased Information Security	(5.1) Percentage increase in compliance, for the defined deliverables as per the International Organization for Standardization 17799 security standards, measured annually *Performance measures* 2006-2007: 78 per cent Estimate 2008-2009: 90 per cent Target 2010-2011: 95 per cent	(5.1.1) The enterprise security service will provide periodic security risk assessments of technological structures and operations of the Fund's offices within New York and Geneva, securing the network using various security tools like firewalls, anti-spam and anti-virus solutions (5.1.2) The enterprise operations initiatives will provide the ability to centrally manage the provisioning and deprovisioning of identities, and consolidate the proliferation of identity repositories, as part of the identity management process

(6) Improved sharing of electronic information with participants, beneficiaries and other clients	(6.1) Percentage of participants sharing human resources information electronically *Performance measures* 2006-2007: 50 per cent Estimate 2008-2009: 75 per cent Target 2010-2011: 80 per cent	The member organization information-sharing initiatives will provide the following: (6.1.1) Undertake the member organization information-sharing initiative for the data collection of human resources information (6.1.2) Provide hosted solutions for smaller organizations to manage and share human resources information securely and electronically (6.1.3) Provide custom interfaces and systems programming to enhance human resources data collection with various enterprise resource planning interfaces used by various organizations
	(6.2) Percentage of participants sharing financial information electronically *Performance measures* 2006-2007: not applicable Estimate 2008-2009: 10 per cent Target 2010-2011: 20 per cent	The member organization information-sharing initiatives will provide the following: (6.2.1) Undertake the member organization information-sharing initiative for the data collection of financial information (6.2.2) Provide electronic file transfer interface to securely support the sharing and translation of financial information (6.2.3) Provide custom interfaces and systems programming to enhance financial data collection with various enterprise resource planning interfaces used by various organizations

External factors

90. This subprogramme is expected to achieve its objectives and accomplishments on the assumption that (a) the evolution of technology is in line with expectations; (b) resources both internal and outsourced are made available to meet critical targets; and (c) stakeholders fulfil their responsibilities and obligations and extend their full cooperation in attaining the objectives of the information and communications technology strategy, most importantly during the process review and redesign stages of activity.

Outputs

91. In addition to the outputs listed above, during the biennium 2010-2011, the following will be delivered:

Enterprise operations services

(a) *Policies*. Ensuring that all information and communication technology services delivered by IMSS meet the expectations of the Fund's Information Technology Executive Committee and relevant industry standards to the extent possible (e.g., Information Technology Infrastructure Library and Central Objectives for Information and related Technology); enforcing network security in line with International Organization for Standardization security standard 17799 (compliance and certification of security) for the Fund's information and communication technology infrastructure;

(b) *Communications*. Provision of backbone communication services including Internet, private leased lines, telecommunication devices and equipment, videoconferencing equipment and the required communication lines that are used for connecting the various offices of the Fund including the Fund secretariat, the Geneva office and the Investment Management Service; upgrading the New York backbone network infrastructure with robust capabilities to support users with diverse requirements for high-speed mission-critical data, voice and video traffic to the desktop;

(c) *Facilities*. Multishift operations, management and maintenance of the Fund's data centre facilities in New York and Geneva, including implementation and maintenance of new and existing uninterrupted power supplies; monitoring and management of systems to include heating, ventilation and air conditioning, fire suppression systems, pre-action fire sprinklers and environmental monitoring devices; monitoring various applications, equipment and network loads and traffic from the command centre to prevent failure of services;

(d) *User support/help desk*. Provide technical, operational and help desk support for applications, servers, personal computers and mobile devices connected to the Pension Fund networks; infrastructure support for approved software applications such as productivity systems, e-mail, knowledge management systems and custom applications; operation and support of conference room facilities and equipment including video/audio and projection functions;

(e) *Messaging*. Provision and maintenance of electronic messaging services including e-mail, Voiceover Internet Protocol services and unified messaging; provision and maintenance of mobile messaging and communication for handheld devices and services;

Enterprise systems services

(f) *Development*. Maintain systems that enhance productivity and efficiency by incorporating those that reduce manual processing of benefits; enhance participant and beneficiary processing and relate to banking, accounting system and workflow interfaces;

(g) *Enterprise systems maintenance*. Maintain and enhance enterprise systems for core business applications including accounting and content

management; enhance the client services applications by implementing the customer relationship management system;

(h) *Legacy systems maintenance*. Maintain and enhance enterprise applications including PENSYS to meet the requirements of the business;

Enterprise information services

(i) *Database administration*. Implement, maintain and enhance the availability of Pension Fund databases across various information technology platforms; perform database upgrades, monitor usage and resolve problems, create new tables and views, identify data integrity issues and support system development activities as they relate to database access in line with business requirements;

(j) *System programming*. Implement and maintain database systems and host computer operating systems and programmes to the extent necessary to provide mission-critical data to various applications and interfaces;

(k) *Data warehouse support*. Implement, maintain and enhance the availability of the data warehouse system; provide data cleansing and federation across various platforms;

(l) *Management reporting*. Implement, maintain and enhance management reporting using business intelligence tools;

Enterprise security services

(m) *Information security*. Periodic security risk assessments of technological structures and operations of Pension Fund offices in New York and Geneva and securing the network using various security tools including firewalls, anti-spam and anti-virus solutions;

(n) *Identity management*. Provide the ability to centrally manage the provisioning and deprovisioning of identities, and consolidate the proliferation of identity stores;

(o) *Disaster recovery*. Formulate, adopt and implement a multi-year disaster recovery strategy to support Pension Fund business continuity requirements;

Enterprise project management services

(p) *Governance*. Enhance and implement the programme management infrastructure with strong governance utilizing the model established by IMSS governing bodies;

(q) *Project management methodology*. Provide guidance in project management processes and methodologies in a manner that is efficient, consistent and standardized;

(r) *Project management support*. Provide mentoring and coaching in an effort to raise the project management maturity level of the organization;

(s) *Audit governance*. Manage and comply with internal and external audit observations as they relate to information and technology services;

Enterprise quality and production control services

(t) *Quality standardization*. Identify and document the requirements for various quality standards for implementation within IMSS;

(u) *Change management*. Identify and implement a complete change management framework with proper segregation of duties;

(v) *Service level and delivery agreements*. Compile statistics and manage all IMSS service level and delivery agreements;

(w) *Production control*. Oversee the quality assurance function to ensure that all systems are placed into the production environment only after undergoing a comprehensive evaluation and user acceptance test;

Contract management services

(x) Monitor and manage the various components of the IMSS budget; provide administrative support to information and communications technology services including the identification of available resources, the entry of pre-encumbrances and the processing of requisitions, purchase orders and related invoices; account for the assets of the service; manage vendor relationships including those with technology partners, contractors and outsourcers; provide expert level knowledge in the development of generic specifications for technology procurement; work directly with the United Nations Procurement Service to ensure that value-added solutions are provided at the lowest possible cost.

Table 18
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	7 177.1	8 372.2	26	34
Non-post	24 762.8	32 814.1	—	—
Total	**31 939.9**	**41 186.3**	**26**	**34**

92. The amount of $41,186,300 provides for the continuation of 26 posts, 2 new established posts (1 P-4, 1 P-3), 6 new temporary posts (1 P-5, 2 P-4, 2 P-3, 1 General Service (Other level)) and non-post requirements. Non-post resources relate to other staff costs, travel of staff, contractual services, general operating expenses and supplies, furniture and equipment. The increase in post costs is mainly due to the inclusion of six temporary posts related to the Integrated Pension Administration System. The increase in non-post resources is due to information technology projects, including the Integrated Pension Administration System and associated equipment.

Executive Office

Resource requirements (before recosting): $12,997,000

93. The Executive Office provides the administrative and programme support necessary for the implementation of the activities of the Fund. It assists the Chief

Executive Officer and the Director of the Investment Management Service in the preparation of the biennial budget submission and provides the relevant support services for the efficient utilization of human and financial resources. It also supplies a general administration and facilities management service.

Table 19
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	1 545.5	1 545.5	7	7
Non-post	8 774.3	11 451.5	—	—
Total	**10 319.8**	**12 997.0**	**7**	**7**

94. The amount of $12,997,000 provides for the continuation of 7 posts and for non-post requirements for contractual services and general operating expenses (comprised mainly of rental of premises). The increase in non-post resources is mainly due to maintenance and renovation projects under contractual services and the estimated use of office space, based on the full occupancy of the fourth floor of 1 Dag Hammarskjöld Plaza by the Fund's secretariat.

C. Investment costs

1. Overview

95. The mandate of the Investment Management Service is to generate the total portfolio returns required to meet the liability demands of the Fund while staying under the Fund's risk threshold, under the authority delegated by the Representative of the Secretary-General in accordance with article 19 of the Regulations of the United Nations Joint Staff Pension Fund. This will require the appropriate allocation and monitoring of risk budgets to individual managers and asset classes. The Fund is operating in a highly volatile environment owing to the recent global economic shocks. The investment climate has been described as "unprecedented". Many Member States are actively implementing stimulus projects, pumping huge amounts of new liquidity into financial markets. Volatility has been at record levels in equities, bonds, oil and other commodities. The Fund's asset diversification will help to diminish idiosyncratic risks in these troubled times while allowing the Fund to investigate appropriate investments for long-term returns. The Fund will be looking to invest in alternative assets and a broader range of real estate properties to diversify the portfolio.

96. The Fund is investing in the infrastructure to develop its abilities to invest in developed countries, protect itself from catastrophic operational losses, ensure long-term safety and manage downside risk related to market and credit risk. Most of the additional amount requested for the budget can be attributed to the development of the infrastructure for risk management, is expected to stay constant in future budgets and shall be viewed as a one-time increase. Due to the current financial turmoil, it is imperative for the Investment Management Service to move away from a single-

bank custodian model and diversify its asset custody to multiple custodians to minimize the risk of single-bank failing.

97. The Fund is diversifying its investment to various asset classes and is actively investing in the developing and emerging economies. The Fund needs specific advice to evaluate various investment alternatives. Twenty-one per cent of the increase in the budget is contributed by the services of the advisers.

98. The Investment Management Service is investing in the SWIFT payment system to ensure secure payments to support its enhanced investment diversification strategy in the developed and emerging markets. The cost of SWIFT implementation shall be viewed as a one-time expense. Similarly, the Service is investing in risk and portfolio analysis infrastructure to manage downside risk from market risk. The cost of implementing the risk and portfolio analytics shall also be seen as a one-time expense.

99. During the 2010-2011 biennium, the Investment Management Service will continue to concentrate its efforts on building up the capacity of the investment team, and additional information systems staffing. The investment team will include additional requested staff in the areas of responsible investing, fixed income, real estate, alternative investments and North American equities. The Information Systems Section will include staffing in the areas of database management, trading and back office systems, SWIFT and security and risk and security.

100. The Fund will be implementing a new banking arrangement to provide additional security for all fund assets in these turbulent times. The Fund will be moving from a single bank (global custodian) to a multiple custodian and single master record-keeper arrangement. This will allow for the holding of all assets in multiple banks while also supplying the Fund with an additional source of verification for all investment activities.

101. The Fund will also be implementing a SWIFT communications system and an electronic trading system. These systems will allow for more secure trading transactions and provide a more efficient investment process for the Fund. An accounting reconciliation system will be installed to provide additional verification of financial information. A new risk management system will allow the Fund to better manage its investment risk.

102. In summary, the Investment Management Service will be implementing and supporting several mission-critical applications, namely the trade order management system (Charles River), operations and accounting system, equities analytics system, reconciliation system, compliance system, risk management and risk analytics system and SWIFT. In addition, the Service will continue to support existing core applications, namely Bloomberg, Datastream and data hub, and interfaces to Lawson, custodian, Bloomberg and Datastream.

103. The proposed staffing configuration and additional human resource requirements aim at creating sufficient capacity to meet the challenges and to implement the activities and tasks outlined in the third management charter.

104. The overall level of resources for the Investment Management Service amounts to $79,483,000 before recosting, reflecting a net increase of $4,845,500, or 6.5 per cent, from the revised appropriations for the 2008-2009 biennium. The net increase as shown in table 21 below can be summarized as follows:

(a) Executive direction and management: the increase of $921,600 relates to the growth in non-post costs comprising increases in consultants ($444,300), after-service health insurance ($186,600), travel ($112,000), general temporary assistance ($178,200) and overtime ($900), which are partially offset by the reduction in training costs of $400;

(b) Programme of work: the increase of $630,000 is attributable to 4 additional posts ($634,400) partially offset by the reduction in non-post resources of $4,400 (which is entirely due to contractual service associated with investments);

(c) Programme support: the net increase of $3,293,900 is attributable to 5 additional posts ($778,000), increase in contractual services ($5,302,600), furniture, equipment, supplies and materials ($733,400) and operating expenses ($280,500) in the Information Systems Section, which is partially offset by a total decrease in administrative support of $3,800,600. The decrease in administrative support is as a result of the reduction in general operating expenses ($2,154,900), contractual services ($1,081,500) and furniture, equipment, supplies and materials ($564,200) that were previously associated with the renovation of the twentieth floor for the Investment Management Service.

105. The estimated distribution of resources and resource requirements by component are shown in tables 20 and 21 below.

Table 20
Percentage distribution of resources by component

Component	*Regular budget*
A. Executive direction and management	8.2
B. Programme of work	
1. Investments	68.1
2. Risk and compliance	2.0
3. Operations	2.6
Subtotal, programme of work	**72.7**
C. Support	
1. Information Systems Section	14.7
2. Administrative support	4.4
Subtotal, programme support	**19.1**
Total	**100.0**

Table 21
Resource requirements by component
(Thousands of United States dollars)

Component	2008-2009 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2010-2011 estimate
		Amount	Percentage			United Nations	Pension Fund	
A. Executive direction and management	5 620.5	921.6	16.4	6 542.1	335.3	—	6 877.4	6 877.4
B. Programme of work								
1. Investments	53 446.8	630.0	1.2	54 076.8	1 300.5	—	55 377.3	55 377.3
2. Risk and compliance	1 621.3	—	—	1 621.3	375.0	—	1 996.3	1 996.3
3. Operations	2 075.1	—	—	2 075.1	162.6	—	2 237.7	2 237.7
Subtotal B	**57 143.2**	**630.0**	**1.1**	**57 773.2**	**1 838.1**	**—**	**59 611.3**	**59 611.3**
C. Support								
1. Information	4 599.5	7 094.5	154.2	11 694.0	198.8	—	11 892.8	11 892.8
2. Administrative	7 274.3	(3 800.6)	(52.2)	3 473.7	—	—	3 473.7	3 473.7
Subtotal C	**11 873.8**	**3 293.9**	**27.7**	**15 167.7**	**198.8**	**—**	**15 366.5**	**15 366.5**
Total	**74 637.5**	**4 845.5**	**6.5**	**79 483.0**	**2 372.2**	**—**	**81 855.2**	**81 855.2**

2. Executive direction and management

Resource requirements (before recosting): $6,542,100

106. The Director of the Investment Management Service is responsible for all activities of the investments of the Fund and supervises four organizational entities, namely, the Investment Section, the Risk and Compliance Section, the Operations Section and the Information Systems Section. The Director is responsible for the overall policy setting, direction, supervision and management of the Fund's investments under the delegated authority and supervision of the Representative of the Secretary-General. The Director is also responsible to support the Representative of the Secretary-General in communicating with the Pension Board, the Investments Committee, the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee.

107. The objectives of the Office of the Director are threefold. The Office should support the Director's effective interaction with the governing bodies of the Fund, i.e., the Investments Committee, the Pension Board, the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee. It should also support the Director's communication with various parties concerned and assist in the coordination of the procurement processes for services required by the Investment Management Service. The Office is also responsible for providing necessary administrative support to the Director and staff in all tasks and responsibilities relating to the mandate and workplan of the Investment Management Service. In so doing, the Office provides the staff of the Service with administrative services in all matters relating to administration, procurement, recruitment, human resources, official travel and some budget and finance, and maintains relevant files and records. The Office liaises with relevant units in the Pension Fund secretariat and the Secretariat of the United Nations and ensures full cooperation with oversight bodies including the Office of Internal Oversight Services and the Ethics Office.

Table 22
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To ensure full implementation of legislative mandates and compliance with United Nations policies and procedures and the Regulations and Rules of the Fund with respect to the management of the Fund's programme of work in relation to investments and of staff and financial resources.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Efficient planning, recommendation and implementation of the investment policy and strategy; guidelines on asset allocation ranges, currency holdings, market weightings, strategic and tactical short-term allocations; investment opportunities; information systems and operational infrastructure	(1.1) Outperformance of Fund's investments	(1.1.1) Updated and implemented investment policy (1.1.2) Regularly updated and forcefully implemented investment strategy (1.1.3) Information technology support plan
(2) Timely recruitment and placement of staff	(2.1) Reduction in the average number of days a post remains vacant	(2.1.1) Human resources action plan (2.1.2) Proactive recruitment action
	(2.2) Reduction in the vacancy rate *Performance measures* (number of days posts remain vacant) 2006-2007: 230 days Estimate 2008-2009: 200 days Target 2010-2011: 200 days	(2.2.1) All sections at Investment Management Service fully staffed
(3) Effective backstopping/servicing/ management of Investments Committee and reporting to legislative bodies	(3.1) High-quality and accurate documents and reports submitted in time	(3.1.1) Reports and other data submitted to legislative bodies (3.1.2) Legislative bodies and other legitimate interested parties provided with necessary and accurate information on the Fund's investment performance and policies

	(3.2) All necessary arrangements for Investments Committee meetings accomplished in time *Performance measures* (9 Investment Committee meetings held and Legislative and other reports submitted within deadlines) 2006-2007: 100 per cent Estimate 2008-2009: 100 per cent Target 2010-2011: 100 per cent	(3.2.1) 9 Investments Committee meetings held including two with the Pension Board (two of which will be held outside of New York)
(4) Effective planning and coordination of Investment Management Service procurement needs	(4.1) Number of successfully completed procurement actions	(4.1.1) Procurement plan (4.1.2) Procured goods and services
	(4.2) Timely initiation of action to ensure timely delivery of goods and retention or replacement of service providers *Performance measures* (number of planned procurement exercises successfully completed) 2006-2007: no data Estimate 2008-2009: no data Target 2010-2011: 60 per cent	(4.2.1) Regular monitoring meetings held with Procurement Division (4.2.2) Procurement timeline and action plans for each procurement action established
(5) Effective planning of work and provision of administrative support to assist Investment Management Service to implement and achieve its mandate	(5.1) Necessary administrative support including office supplies provided in a timely and adequate manner	(5.1.1) A work plan for Investment Management Service to carry out its mission, and implementation of the plan including travel and training plans
	(5.2) Timely processing of travel requests and arrangements	(5.2.1) Staff participating in seminars, company visits and other travel as planned and without delays or complications
	(5.3) Number of missions undertaken by staff	(5.3.1) Investment Management Service staff supported in their travel arrangements leading to the full and successful implementation of Investment Management Service travel plan

	(5.4) Number of training undertaken by staff *Performance measures* 2006-2007: no data Estimate 2008-2009: no data Target 2010-2011: 90 per cent	(5.4.1) Investment Management Service training plan implemented and training undertaken as planned

External factors

108. The objective and accomplishments are expected to be achieved consistently on the assumption that (a) all stakeholders will be supportive of the efforts of and extend full cooperation to the Investment Management Service; (b) there are no significant shortfalls in funding for implementation of the mandates established by the General Assembly and the Pension Board.

Table 23
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	1 669.0	1 669.0	7	7
Non-post	3 951.5	4 873.1	—	—
Total	**5 620.5**	**6 542.1**	**7**	**7**

109. The amount of $6,542,100 provides for the continuation of 7 posts and for non-post resources relating to the Investment Management Service as a whole and comprises other staff costs, consultants, travel of staff and representatives and hospitality.

3. Programme of work

Investment Section

Resource requirements (before recosting): $54,076,800

110. The Investment Section is responsible for achieving the optimal investment return for the Fund while avoiding undue risks. The Section consists of seven organizational entities, namely North American equity, European equity, Asia-Pacific equity, global emerging markets equity, fixed income, real estate and alternative investments. The primary functions involve monitoring of current portfolios, keeping abreast of and tracking developments in the financial markets, and making and executing investment decisions. The fulfilment of these functions involves the preparation of financial analyses, meetings and conference attendance and travel to various countries to meet analysts and companies' management. A secondary function is contributing to the elaboration of reports to all the governing bodies.

111. The tasks of the Investment Section for 2010-2011 include (a) to meet a long-term objective of an annualized real rate of return for the investments of the Fund of 3.5 per cent, as adjusted by the United States consumer price index, (b) to achieve consistent outperformance of the policy benchmark by the Fund's investments, (c) to maintain a risk level which is commensurate with target investment returns and (d) to reduce currency risks and country risks by sound diversification.

Table 24
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: The long-term objectives are: (a) to preserve the principal of the Fund in real terms; (b) to obtain optimal return without undue risk; and (c) to diversify the portfolio with respect to the asset type, currency and geography.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) A long-term annualized real rate of return for the investments of the Fund of 3.5 per cent, as adjusted by the United States consumer price index	(1.1) Total Fund return against the Fund's objective in the long-term horizon *Performance measures* 2006-2007: outperformed the Fund's objective by 2.7 per cent over a 10-year period ended December 2007 Estimate 2008-2009: underperformed the objective by 1.8 per cent over a 10-year period ended December 2008 Target 2010-2011: outperform the long-term target of an annualized real rate of return of 3.5 per cent	(1.1.1) A positive total Fund return exceeding the Fund's objective
(2) Consistent outperformance of the Fund's investments relative to the policy benchmark, which is 60 per cent in equity, 31 per cent in fixed income, 6 per cent in real estate and 3 per cent in cash	(2.1) Total return against the policy benchmark *Performance measures* 2006-2007: outperformed the benchmark by 0.7 per cent over a five-year period ended December 2007 Estimate 2008-2009: outperformed the benchmark by 1.1 per cent over a five-year period ended December 2008 Target 2010-2011: outperform the policy benchmark	(2.1.1) A positive total Fund return exceeding the policy benchmark

(3) Reduction of currency risk and country risk by sound diversification	(3.1) Number of currencies and countries invested in *Performance measures* 2006-2007: invested in 27 currencies and 48 countries Estimate 2008-2009: invested in 27 currencies, 45 countries and 7 international/regional institutions Target 2010-2011: further refine the allocation of the Fund's assets by currency and by country as appropriate	(3.1.1) Maintenance of well-diversified portfolio both in currencies and countries
(4) Diversification of investments in alternative asset classes	(4.1) Number of strategies of alternative asset classes invested in *Performance measures* 2006-2007: not applicable Estimate 2008-2009: not applicable Target 2010-2011: successful implementation of the alternative asset class suited to the Fund objective	(4.1.1) Successful implementation of the alternative asset class suited to the Fund objective when the market condition is favourable for the Fund
(5) Participation in conferences and seminars which are directly related with the investments and portfolio managements	(5.1) Frequency and the subjects of the conferences or seminars attended, subject to availability for the appropriate and timely events *Performance measures* 2006-2007: not applicable Estimate 2008-2009: not applicable Target 2010-2011: each staff member attends at least one seminar or conference	(5.1.1) Enhancement of staff's professionalism and profound knowledge which will contribute to the better performance of the Fund

External factors

112. The objective and accomplishments are expected to be achieved consistently on the assumption that (a) all stakeholders will be supportive of the efforts of and will extend full cooperation to the Investment Management Service; (b) there are no significant shortfalls in funding for implementation of the mandates established by the General Assembly and the Pension Board; and (c) the financial markets such as

global equity, global fixed income, real estate and foreign exchange will move in the direction of the long-term assumptions.

Table 25
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	6 024.5	6 658.9	23	27
Non-post	47 422.3	47 417.9	—	—
Total	**53 446.8**	**54 076.8**	**23**	**27**

113. The amount of $54,076,800 provides for the continuation of 23 posts and the establishment of 4 new posts (3 P-4, 1 General Service (Other level)) and for non-post resources for contractual services. The increase in non-post resources is due to an increased provision for global custodian, external legal consultant, market data services and advisers offset by a reduction in the costs of the indexation.

Risk and compliance

Resource requirements (before recosting): $1,621,300

114. The Risk and Compliance Section is a newly established entity responsible for identifying, measuring and managing all aspects of risks to which the Fund is exposed. In addition, in terms of compliance, it is mandated to implement adequate monitoring and control processes covering the Fund's investments. Its function comprises three sub-functions: risk management, compliance and legal.

Table 26
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To establish controls and to monitor compliance for various risks to which the Fund is exposed, namely market risk, operational risk, credit risk and legal and reputational risk. The function is also responsible to establish risk budget at the asset and manager level, monitor compliance with the risk budget and help the investment function to maximize risk adjusted returns based on established risk appetite.

Expected accomplishments	**Indicators of achievement**	**Planned outputs**
(1) To successfully oversee the risks involved in the Fund's investment operations	(1.1) Number of investment trades effectively covered by monitoring activities	(1.1.1) Compile performance analysis reports on a monthly, quarterly and yearly basis (total reports 24)
	Performance measure (number of cases)	(1.1.2) Introduce a risk model and production of 8 quarterly reports
	2006-2007: 100 per cent	
	Estimate 2008-2009: 100 per cent	

	Target 2010-2011: 100 per cent	
(2) Establish a risk management framework	(2.1) Select and implement risk management system	(2.1.1) Performance analysis and risk analysis in the blue book for the Investments Committee
		(2.1.2) Risk management system
(3) To ensure compliance with the approved Investment Management Service policies and guidelines	(3.1) Percentage of transactions in compliance with approved Investment Management Service guidelines	(3.1.1) Creation and maintenance of a compliance policy document
	Performance measure (number of cases)	(3.1.2) Establishment and maintenance of a code of ethics reference paper
	Target 2010-2011: 100 per cent	(3.1.3) Role as a contact point for compliance queries from staff
		Administration of written periodic acknowledgements of awareness of codes of ethics (2 programmes covering the requested 53 Investment Management Service staff members)
		(3.1.4) Oversight of the maintenance of records of gifts
		(3.1.5) Coordination of the financial disclosure programme for Investment Management Service (2 programmes covering the expected 53 Investment Management Service staff members)
		(3.1.6) Organization of training programmes on code of ethics, as and when appropriate
		(3.1.7) Creation and maintenance of a compliance procedures manual
		(3.1.8) Completion of 8 periodic compliance reviews of the Fund's investment operations, carried out in order to determine, on the basis of representative testing, whether rules and regulations, policies and related procedures, in particular the Investment Management Service investment policy, are complied with, to ensure effective management of the Fund's compliance risks, identify and rectify unwarranted exposures and

		document and evaluate the effectiveness of internal controls (3.1.9) Preparation of 8 reports to senior management on compliance matters, referring in particular to the results of the compliance risk reviews, summarizing any identified breaches or deficiencies, and the corrective measures recommended to address them, if any (3.1.10) Preparation of reports to the Investment Committee and the Audit Committee of the Board, as deemed appropriate by senior management (3.1.11) Role as primary point of reference of Investment Management Service for United Nations departments as the Ethics Office or the Office of Internal Oversight Services
(4) To establish risk budgets appropriate for the investments of the Pension Fund	(4.1) Percentage of compliance with deadlines for the issuance of reports *Performance measures* Target 2010-2011: 100 per cent	(4.1.1) Create and monitor on a monthly basis an annual risk budget
(5) To ensure compliance with the terms and conditions of Investment Management Service service provider contracts	(5.1) Number of cases of non-compliance with terms and conditions of service provider agreements *Performance measures* Target 2010-2011: no cases	(5.1.1) Coordination of the adoption of tailored compliance monitoring applications that may be provided by the global custodian and master record-keeper and/or the selected provider of the new order and trade management system and the financial consolidation data warehouse (5.1.2) Liaison with relevant external bodies on compliance matters members (e.g., approved brokers, regulators, standard setting bodies, etc.) (5.1.3) Preparation of draft contracts and/or amendments, as appropriate, for service providers (e.g., global custodian, 4 small cap managers and 4 investment

		advisers) (5.1.4) Performance of annual reviews to ensure compliance with the terms and conditions of 9 Investment Management Service service provider contracts (18 reviews) (5.1.5) Provision of legal advice to the operations sections for the recovery of withheld taxes due to the Fund (currently historical tax reclaims amount to $8.8 million in seven different countries)
(6) To review in timely fashion legal documents regarding real estate investments	(6.1) Percentage of real estate investments implemented within 30 days of approval *Performance measures* Target 2010-2011: 100 per cent	(6.1.1) Completion of legal documentation for the Fund's real estate investments (20 investments expected in the period)
(7) To facilitate all contract negotiations with all counterparties	(7.1) Finalized contracts and statement of work with various counterparties	(7.1.1) Finalized contracts and statement of work with various counterparties
(8) To facilitate performance review of all external advisers and brokers, work with Procurement Division to renew/update contracts with all external advisers/brokers	(8.1) Updated contracts with external advisers/brokers	(8.1.1) Updated contracts with external advisers/brokers
(9) Participation in educational conferences and seminars which are directly related to investment and risk management	(9.1) Frequency and subjects of the conferences or seminars attended, subject to availability for appropriate and timely events Target 2010-2011: each staff member attends at least one seminar or conference	(9.1.1) Enhancement of staff's professionalism and profound knowledge which will contribute to the better performance of the Fund

External factors

115. The risk and compliance section is expected to achieve its objective and accomplishments on the assumption that all external parties will be supportive of the efforts of and will extend full cooperation to the Section.

Table 27
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	1 621.3	1 621.3	6	6
Total	**1 621.3**	**1 621.3**	**6**	**6**

116. The amount of $1,621,300 provides for the continuation of 6 posts.

Operations

Resource requirements (before recosting): $2,075,100

117. The Operations Section of the Investment Management Service is responsible for the back-office operations and accounting of investment transactions. The Section works closely with the global custodian, master record-keeper and custodians to ensure that all Investment Section trades are settled in a timely and accurate manner and all investment activities including trades, income collection, maturities, tax collections, proxies and corporate actions are properly recorded for financial statement preparation and performance reporting. The Operations Section is also responsible for the production of daily cash projections allowing the Investment Section to manage cash for all of the currencies utilized by the Investment Management Service for investment purposes. Moreover, the Operations Section maintains the Service's budget, monitoring expenditure against budget allocations and processing payments thereof. The Section works closely with the Information Systems Section to assist in the implementation of more efficient processes, assuring internal controls while enhancing the various computerized investment activities of the Investment Management Service.

Table 28
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To ensure that the security of the Fund's assets is maximized by accurate and timely settlement, recording and reconciliation of all transactions including supervision of the master record-keeper. Also, ensure accurate reports of the transactions and financial status of the investments of the Fund and ensure effective support to the Director in developing the Investment Management Service budget and monitoring and processing of the expenses.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Assure successful back-office management of settlement of trade transactions and foreign exchange transactions; transition to straight-through processing of investment transactions; assure accuracy of all electronic data transmissions	(1.1) Timely settlement of all properly authorized investment trades within market settlement dates	(1.1.1) Settlement of all securities trading transactions (1.1.2) Settlement of currency exchange orders

	Performance measures 2006-2007: 100 per cent Estimate 2008-2009: 100 per cent Target 2010-2011: 100 per cent	(1.1.3) Control administrative expenses including the completion of monthly budget status reports and, revised budget and performance reports
(2) Improve financial statements and financial management reports; incorporate international accounting standards as adopted by the Pension Fund in coordination with governing bodies; assure a smooth transition to multiple custodians and single master record-keeper	(2.1) Unqualified audit opinion of the Board of Auditors on financial statements *Performance measures* 2006-2007: unqualified audit opinion Estimate 2008-2009: unqualified audit opinion Target 2008-2009: unqualified audit opinion	(2.1.1) Carry out reconciliations of securities, corporate actions, dividends, maturities and commercial papers (2.1.2) Production of financial statements
(3) Research and respond to all notices of corporate actions and proxies	(3.1) Fully researched opinion about the kind of response that is needed from the Investment Management Service	(3.1.1) Opinion reports based on corporate actions and proxy voting notices
(4) Assure fully functional operations with the new custodians and master record-keeper	(4.1) All operational systems fully functional when new custodians and master record-keeper are selected	(4.1.1) All reconciliation reports produced after the new custodians and master record-keeper come on line

External factors

118. The Operations Section is expected to achieve its objectives on the assumption that the global custodian will deliver the services delineated in the contract and assure that proper controls are in place to provide for the security of all fund assets and the timely and accurate generation of all information required by the Investment Management Service.

Table 29
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	2 075.1	2 075.1	11	11
Total	**2 075.1**	**2 075.1**	**11**	**11**

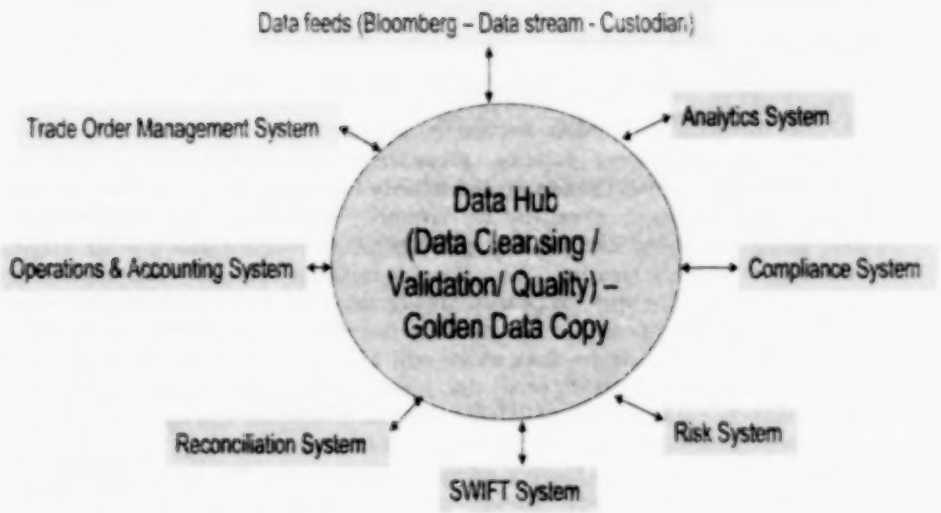
119. The amount of $2,075,100 provides for continuation of 11 posts.

4. Programme Support

Information Systems Section

Resource requirements (before recosting): $11,694,000

120. The Information Systems Section is responsible for the technology, data management, applications, policies, procedures and management of projects facilitating the investment processes and reliable investment data. The Section will continue implementing solutions to enhance investment data quality and convenience, streamline and standardize investment processes and provide viable technology to enforce security policies, enable business continuity and implement controls that are in line with Investment Management Service investment guidelines in order to mitigate operations and business risks. More importantly, the Section will provide good investment data which will be part of the solution to generate value for the Fund and enable smart risk management. In the budget cycle 2008-2009, within the context of consolidation with the Investment Management Service, the Section is strengthening the Service's information technology infrastructure, leveraging services such as disaster recovery. Furthermore, the Section, supported by Investment Management Service users, is implementing a trade order management system, the industry standard trading protocol FIX and the SWIFT inter-bank messaging service. In addition, the Section is procuring investment operations and multi-currency accounting, risk management and reconciliation systems. In the budget cycle 2010-2011, the Information Systems Section will continue to work with IMSS, leveraging further services such as the enterprise content management system. It will also continue to strengthen the Investment Management Service information technology infrastructure and security policies, ensuring business continuity. Furthermore, the Section will finalize the implementation of business applications procured in the budget of 2008-2009. More importantly, it will achieve the standardization of business processes in line with industry best practices and create an investment golden database constituting the Investment Management Service investment data hub, a standard source of data for investment reports. The data hub will contain clean, validated and good-quality investment data. The investment data exchange with the external financial institutions and brokers will be achieved exclusively through two secure communication channels, namely SWIFT and the Financial Information Exchange Protocol. In order to achieve the above-mentioned goals, the Section will be asking for more resources and five additional staff. The Section currently comprises five staff members. Two staff members will be redeployed to IMSS once information technology consolidation is implemented and one staff member will be on a general temporary assistance post. The additional resources are crucial for the implementation and support of eight Investment Management Service mission-critical business applications. In addition, the Section staff will be supporting highly complex relational databases and interfaces with data feed systems. The diagrams below depict the Investment Management Service system architecture and high-level workflow.



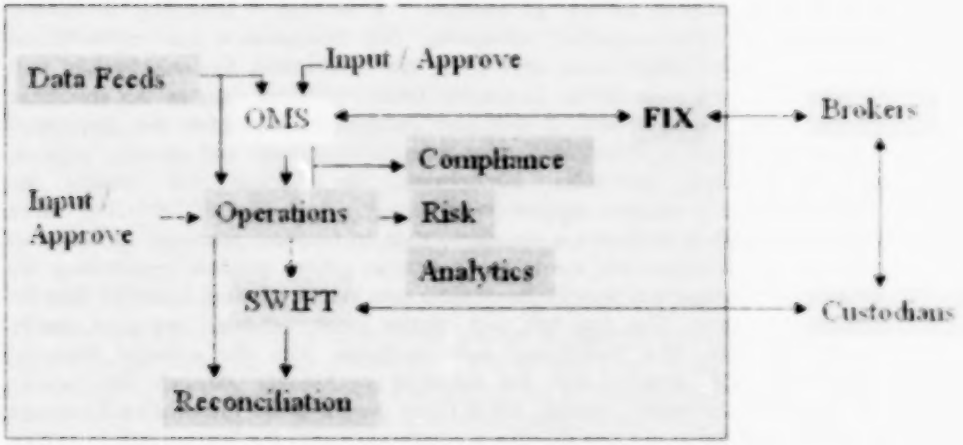


Table 30

Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To provide information technology solutions and technological support to facilitate straight-through processing of investment transactions, to standardize investment processes and to disseminate real-time reconciled trade information.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Implementation of 5 new systems supporting investment activities	(1.1) Error-free straight-through processing of investment transactions	(1.1.1) Investment Management Service mission-critical systems supported

	Performance measures Percentage of transactions processed straight through 2006-2007: not available Estimate 2008-2009: not available Target 2010-2011: 90 per cent	(1.1.2) Operations and multi-currency accounting system implemented (1.1.3) Secure and straight-through processing of all investment transactions achieved
	(1.2) Standardization of business processes and implementation of industry best practices *Performance measure* Percentage of business processes standardized 2006-2007: not available Estimate 2008-2009: not available Target 2010-2011: 90 per cent	(1.2.1) Operations system implemented (1.2.2) Investment processes documented (1.2.3) Standardization and streamlining of business processes facilitated
	(1.3) Risk and compliance management enabled *Performance measures* Number of risk, analytics and compliance tools offered 2006-2007: not available Estimate 2008-2009: not available Target 2010-2011: 2	(1.3.1) Compliance, analytics and risk management system implemented (1.3.2) Monitoring of investment risks and compliance facilitated (1.3.3) Investment decision-making process enabled
(2) Increase the quality and security of Investment Management Service investment data and information technology services	(2.1) Investment data reconciled in timely manner *Performance measures* Percentage of dependable investment reports produced by Investment Management Service 2006-2007: 45 per cent Estimate 2008-2009: 50 per cent Target 2010-2011: 90 per cent	(2.1.1) Investment Management Service data hub implemented (2.1.2) Investment Management Service data validated (2.1.3) Reconciliation system implemented
	(2.2) High availability of information technology services	(2.2.1) Investment Management Service information technology infrastructure strengthened

Performance measure Percentage of potential information technology operation risk 2006-2007: 25 per cent Estimate 2008-2009: 20 per cent Target 2010-2011: less than 1 per cent	(2.2.2) Security policies and disaster recovery implemented (2.2.3) Business continuity enabled

External factors

121. The subprogramme is expected to achieve its objective and accomplishments on the assumption that (a) the procurement and legal processes are completed within the expected time frame; (b) stakeholders fulfil their responsibilities and obligations and extend their full cooperation in attaining the objectives of the information and technology strategy facilitating the Investment Management Service investment processes; and (c) the information technology consolidation with IMSS is completed in a timely manner.

Table 31
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Post	732.6	1 510.6	2	7
Non-post	3 866.9	10 183.4	—	—
Total	**4 599.5**	**11 694.0**	**2**	**7**

122. The amount of $11,694,000 provides for the continuation of 2 posts, 5 new posts (2 P-4, 2 P-3, 1 General Service (Principal level)) and non-post resources comprising contractual services, operating expenses, supplies and materials, furniture and equipment.

Administrative support

Resource requirements (before recosting): $3,473,700

Table 32
Financial resource requirements

(Thousands of United States dollars)

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Non-post	7 274.3	3 473.7	—	—
Total	**7 274.3**	**3 473.7**	—	—

123. Non-post resources comprise contractual services, general operating expenses (rental of premises, rental of equipment, operating expenses, external printing) and supplies, materials, furniture and equipment.

D. Audit costs

Resources requested (before recosting): $2,503,000

124. The distribution of resources is shown in table 33.

Table 33
Financial resource requirements
(Thousands of United States dollars)

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
External audit	682.1	661.2	—	—
Internal audit	1 907.6	1 841.0	—	—
Total	**2 589.7**	**2 503.0**	—	—

125. The amount of $2,503,000 covers the estimated requirements for external audit ($661,204) as requested by the Board of Auditors and for internal audit ($1,841,800) as requested by the Office of Internal Oversight Services.

1. External audit

Resource requirements (before recosting): $661,204

126. Provision is made in the amount of $661,204 for the costs associated with the Board of Auditors and apportioned to the Fund by the secretariat of the Board of Auditors.

2. Internal audit

Resource requirements (before recosting): $1,841,800

127. The amount of $1,841,800 provides for the continuation of 5 general temporary assistance posts (1 P-5, 2 P-4, 1 P-3, and 1 General Service (Other level)), training and non-post resources comprising consultants, travel of staff, contractual service, communications, operating expenses, supplies and materials and furniture and equipment.

Table 34
Objectives for the biennium, expected accomplishments, indicators of achievement and planned outputs

Objective of the Organization: To strengthen the Fund's risk management and internal control processes and contribute to improving the Fund's governance.

Expected accomplishments	Indicators of achievement	Planned outputs
(1) Increased ability of the Pension Board Fund secretariat and Investment Management Service to make decisions based on internal audits, which strengthen internal control and governance processes and improve risk management	(1.1) Increased percentage of stakeholders that express satisfaction with the accuracy and usefulness of the Internal Audit Division's reports *Performance measure* 2006-2007: 80 per cent Estimate 2008-2009: not available Target 2010-2011: 95 per cent	(1.1.1) 6 reports to the Audit Committee on the status of the internal audit programme of work for the Pension Fund (1.1.2) 4 reports of management advisory services to the Pension Fund secretariat and Investment Management Service Variables: The Office of Internal Oversight Services conducts annual surveys of its clients including (a) the Pension Board's Audit Committee; (b) the Pension Fund secretariat; and (c) the Investment Management Service. The client satisfaction survey questionnaire requests stakeholders to rate the performance of the Internal Audit Division on a four-point scale on: the objectivity and professionalism of its audit staff; timeliness, accuracy and clarity of its reports; and usefulness of the audits in improving business processes and controls. The completed survey questionnaires are analysed against the targets set by the Office of Internal Oversight Services
	(1.2) Maintained percentage of critical audit recommendations accepted by programme managers relating to risk management *Performance measure* 2006-2007: 95 per cent Estimate 2008-2009: not available Target 2010-2011: 95 per cent	(1.2.1) 1 comprehensive enterprise-wide risk assessment to be conducted in 2011 (1.2.2) 16 audit reports to the UNJSPF Secretariat and Investment Management Service containing critical recommendations to mitigate high and medium risks to the organization

		Variables: All audit recommendations and programme managers' responses are recorded in Issue Track (the Office of Internal Oversight Services recommendation database). At six-monthly intervals, programme managers are requested to advise the Office on the progress they have made toward implementing the audit recommendations. Responses are recorded in the database and the recommendations are either closed if they have been implemented, or the client is informed of additional action that is required before they can be closed. Information from this database is analysed to monitor the indicator
(2) Improved levels of efficiency and effectiveness in the implementation of mandates and enhanced accountability by the Fund's managers	(2.1) Maintained percentage of critical audit recommendations accepted by programme managers relating to accountability, efficiency and effectiveness *Performance measures* 2006-2007: 95 per cent Estimate 2008-2009: not available Target 2010-2011: 95 per cent	(2.1.1) 16 audit reports to the Pension Fund secretariat and Investment Management Service containing critical recommendations to improve accountability, efficiency and effectiveness Variables: All audit recommendations and programme managers' responses are recorded in Issue Track (the Office of Internal Oversight Services recommendation database). At six-monthly intervals, programme managers are requested to advise the Office on the progress they have made in implementing the audit recommendations. Responses are recorded in the database and the recommendations are either closed if they have been implemented, or the client is informed of additional action that is required before they can be closed. Information from this database is analysed to monitor the indicator

	(2.2) Maintained percentage of critical audit recommendations accepted by programme managers relating to savings, recoveries of losses and overpayments and additional income *Performance measure* 2006-2007: 95 per cent Estimate 2008-2009: not available Target 2010-2011: 95 per cent	(2.2.1) 4 audit reports to the UNJSPF Secretariat and Investment Management Service containing critical recommendations relating to savings, recoveries of losses and overpayments, and additional income Variables: Recommended savings and recoveries (in millions of United States dollars)

External factors

128. The objective and accomplishments are expected to be achieved on the assumption that the Fund's managers render full support to the conduct of internal audits and accept the audit recommendations.

E. Board expenses

Resources requested (before recosting): $100,000

Table 35
Financial resource requirements
(Thousands of United States dollars)

	Resources (thousands of United States dollars)		*Posts*	
Category	*2008-2009*	*2010-2011 (before recosting)*	*2008-2009*	*2010-2011*
Board expenses	**72.7**	**100.0**	—	—

129. The General Assembly, through section IV of its resolution 61/240, authorized Board expenses, comprising administrative costs of Board sessions, the Chairman's travel expenses and travel expenses of working groups, to be included in the Fund's budget and charged against administrative expenses.

130. The amount of $100,000 covers the estimated requirements for Board expenses and comprises travel costs of the Chairman of the Board to attend the fifty-seventh and fifty-eighth sessions of the Board, meetings with the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, and administrative expenses of the fifty-seventh session to be held in London and hosted by the International Maritime Organization in July 2010.

IV. Emergency Fund

131. The General Assembly, by paragraph 8 of its resolution 62/241, authorized the Pension Board to supplement the voluntary contributions to the Emergency Fund for the biennium 2008-2009 by an amount not exceeding $200,000.

132. It is proposed that the Pension Board recommend to the General Assembly that it authorize the Board to supplement contributions to the Emergency Fund for the biennium 2010-2011 by an amount not exceeding $200,000.

V. Action to be taken by the General Assembly

133. The Pension Board recommends the following to the General Assembly:

(a) Approval of a reduction in appropriations for 2008-2009 amounting to $21,709,300. The revised appropriations for the 2008-2009 biennium would then amount to $131,489,800, divided into administrative costs ($72,135,600), investment costs ($56,782,500), audit costs ($2,471,700) and Board expenses ($100,000). Of this amount, $112,777,800 would be apportioned to the Fund and $18,720,000 is directly chargeable to the United Nations under the cost-sharing arrangement;

(b) Approval of a revised estimate for the biennium 2008-2009 amounting to $132,600 for extrabudgetary resources;

(c) Approval of the Pension Fund estimate for the 2010-2011 biennium amounting to $179,131,200 including administrative costs ($94,468,300), investment costs ($81,855,200), audit costs ($2,707,700) and Pension Board expenses ($100,000). Of this amount, $156,892,900 would be apportioned to the Fund and $22,238,300 to the United Nations under the cost-sharing arrangement. These amounts were adjusted to reflect the standard delayed recruitment factors for posts as recommended by the Pension Board;

(d) Approval of resources for the biennium 2010-2011 amounting to $162,600 for extrabudgetary costs and funded by participating member organizations;

(e) Approval of an amount not exceeding $200,000 to supplement contributions to the Emergency Fund.

VI. Summary of follow-up action taken to implement requests and recommendations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions

Table 36

A. Advisory Committee on Administrative and Budgetary Questions

(A/63/556)

Request/recommendation	*Action taken to implement request/recommendation*
1. The Committee encourages the Fund's secretariat to continue to keep retirees apprised, through different channels of communication, of significant developments regarding investments of the Fund (para. 11).	The Fund provides information to all retirees and participants in the Chief Executive Officer annual letter and various articles, regular updates to its website, meetings with retiree associations, Federation of Associations of Former International Civil Servants, and town hall meetings.
2. "The Committee encourages the Fund to consult with the Chief Information Technology Officer on technical requirements of the integrated pension administration system" (para. 13).	There have been several meetings between Fund staff and the staff of the Chief Information Technology Officer in relationship with both the integrated pension administration system and enterprise resource planning. These meetings are ongoing.

B. Board of Auditors

(A/63/9)

Request/recommendation	*Action taken to implement request/recommendation*
The Board's main recommendations are that the Fund:	
(a) Update its real estate investment disclosure notes to the financial statements (para. 29).	The Investment Management Service agreed to update its real estate investment disclosure notes to the financial statements. A request for proposal is currently out for new master record-keeper and custodian services, which shall provide the updated information.
(b) Implement controls to detect and prevent payments being made without offsetting the balance payable and perform a regular review of all payables and adjust for those payable amounts which have been settled (para. 38).	The installation of the Lawson 9.0 application, in the summer of 2008, which is used for processing payments and managing Accounts Payable, allows for the clearing of payables automatically upon execution of payments by the Cashier Unit. As for reconciliation of settled payable amounts, in June 2008 the Payments Unit reviewed the outstanding payables related to lump sum payments that should have been cancelled prior

	to payment re-issuance and processed them accordingly. In addition, regular review of payables has been part of Payments Unit benefit termination processing when related amounts are settled upon termination of United Nations Joint Staff Pension Fund periodic benefits in the UNJSPF Administration System (PENSYS).
(c) Comply with the documented Investment Policy and Procedure Manual for advisory reports on investment sales/purchases, and authorization of transactions (para. 53).	The Investment Management Service has recruited a compliance officer and is in the process of implementing the Charles River Trading platform. The compliance officer will ensure that **all** investment guidelines are complied with. In addition, the Charles River Trading platform has built-in additional compliance checks. New request for proposal for custodian seeks additional tools from the custodian to ensure compliance with the guidelines.
(d) Obtain an actuarial assessment of all end-of-service liabilities, including after-service health insurance liabilities, and provide for those liabilities in its financial statements (para. 58).	An independent consultant, Mercer, was contracted to provide the Fund with an assessment of the after-service health insurance liability of the Fund. The report of the consultant indicated that the Fund's accrued liability for expenditures related to after-service health insurance, as at 31 December 2007, amounted to some $27.5 million. The Fund has been given to understand that some member organizations have disclosed their after-service health insurance liabilities by charging a reserve account and establishing a provision. The Fund further understands that discussions continue within the United Nations regarding the impact of the introduction of International Public Sector Accounting Standards (in this instance, IPSAS 25) and the impact this will have on disclosure of the after-service health insurance by the United Nations. Pending further clarification of how and where to charge accrued costs for the after-service health insurance to the Fund, and how amounts remitted to and from the United Nations in that regard will be accounted for, the Fund has disclosed the accrued after-service health insurance liability as a note to the Fund's financial statements for 2008.
(e) Adopt an appropriate accounting framework and standard for its activities and develop a plan to implement the adopted standards (para. 64).	At the fifty-sixth session of the United Nations Joint Staff Pension Board, the Fund presented a document regarding the planned adoption of appropriate accounting standards for the Fund. In the document, approval was requested for the adoption of the International Financial Reporting

Standards as the framework for the Fund's accounting and reporting, effective for the biennium beginning in the year 2012.

The document noted that the appropriate standard for the Fund was the International Financial Reporting Standards since it provides specific guidelines for retirement benefit plans, and specifically for defined benefit pension plans. There is no standard for pension fund reporting under the International Public Sector Accounting Standards. The document also noted that the International Financial Reporting Standards framework has been adopted by the World Bank Staff Retirement Plan for their financial statements.

The United Nations Joint Staff Pension Board, at its fifty-sixth session, noted that the Secretary/Chief Executive Officer had initiated discussions for the adoption of international accounting standards, by the Fund, and this had been discussed with the internal auditors, the external auditors and the Audit Committee. In the light of continuing discussions on this question, the Board stated that it would be premature to decide, at this time, which set of standards would be more appropriate for the Fund to adopt. It would recommend the adoption of any international accounting standards at a later date, following further discussion by the Fund with the Audit Committee and in consultation with the external auditors.

In the interim, the Board decided that the Fund should follow International Accounting Standard No. 26, under the International Financial Reporting Standards accounting and reporting for retirement benefits, for the preparation of the Fund's Financial Statements, subject to consultations by the CEO with the Board of Auditors to ensure that adoption of such standard on an interim basis would be appropriate.

(f) Reconcile the physical inventory to the asset register and implement measures to ensure that physical inventory counts are conducted and reconciled with the asset register on a regular basis (para. 80).

UNJSPF presented accurate data in the financial disclosures for non-expendable property furnished in note 7 to the financial statements as at 31 December 2008. In addition, following the recommendation of the Board of Auditors, the Fund has implemented the following measures and work processes to ensure that physical inventory counts are conducted and reconciled on a regular basis: (a) the Fund intends to repeat the

reconciliation exercise on an annual basis; (b) it has established a property management team; (c) the Property Record Custodians were formally designated by the Chief Executive Officer; all Property Record Custodians have been briefed on their role and responsibilities. Staff members were reminded to notify Property Record Custodians on any movement of equipment and/or furniture.

Assets identified as the outcome of the initial reconciliation by the Fund (status as at end of September 2008):

Total number of assets: 3,704

Total value of assets: $7,369,811.33

Less: Transfer of obsolete assets to the Information Technology Services Division in the process of reconciliation

Less: Disposal of obsolete assets

Assets "In use" on Fund premises after the internal inventory reconciliation and transfer and disposal actions (status as at end of December 2008)

Total number of assets: 3,130

Total value of assets: $6,161,875.08

(g) Implement processes to rotate the actuary at reasonable time intervals and consider the appointment of joint actuaries in order to encourage knowledge transfer (para. 95).

The Fund renegotiated the contract with the Consulting Actuary so that the duration would be realigned with the two-year cycle required in the actuarial valuation process. The Consulting Actuary carries out the actuarial valuation in the even-numbered years and, in the odd-numbered years, it carries out the experience review in order to determine the economic and demographic assumptions to be used in the subsequent valuation. The Fund did this so that it could be in an appropriate position to conduct a competitive bidding exercise at the conclusion of the current cycle (2009-2010). After its consideration of the issue, the Board approved the exception to the competitive bidding exercise in respect of the current contract, thus extending the agreement until 31 December 2010. The additional two-year period would cover an entire actuarial valuation cycle, including a review of the demographic and economic assumptions in 2009, as well as the actuarial valuation as at

	31 December 2009. The Board requested that, in line with the recommendations of both the Fund's Internal Auditors and the Board of Auditors, a formal bidding exercise be undertaken for the future contractual arrangements for actuarial services and that the short-listed vendors be presented for its consideration at its session in 2010.
(h) Reconcile monthly contributions from member organizations and follow up on reconciling items in a timely manner and make system enhancements to assist with regular reconciliations where necessary (para. 112).	The Board has recognized that under its current operating procedures, it is not possible for the Fund to complete monthly reconciliations of contributions. The Fund has concluded that the only way to reconcile contributions in a real-time basis is under a system that would invoice organizations for their contributions each month. This system would require major changes to current procedures and systems, require Fund access directly and instantaneously to the human resource and payroll information of member organizations and would also represent a fundamental change to the current collaborative nature of the exercise. The Fund has undertaken very preliminary steps to develop prototypes of systems, structures and procedures that would be required to implement an invoicing system or a similar approach, but without formal invoicing. The process of building an integrated pension administration system that would allow for invoicing is a multi-year project that is in its pre-implementation stages.
(i) Research and consider alternative controls (other than just warnings) to enhance the certificate of entitlement process (para. 129).	The Fund has in place strict controls and features in its certificate of entitlement process to ensure that benefits are paid to the rightful beneficiaries and to thereby minimize the possibility of the occurrence of fraud and financial loss, such as: (a) The certificate of entitlement must be returned to the Fund bearing the beneficiary's (or legal guardian's) original signature. If a thumbprint is affixed instead of a signature, it must be witnessed or attested to by a United Nations system official, attending physician or local government authority attesting to the beneficiary's incapacity to sign the certificate of entitlement. Failure to return the certificate of entitlement within the strictly established timeline of seven months will result in the suspension of the benefit;

(b) The Fund only accepts original signatures on the certificate of entitlement; in other words, no copies, faxes or e-mail attachments;

(c) Verification of signatures on the certificates of entitlement are conducted according to the guidelines set in Procedure-General No. 2001-68. With reference to the recommendation to enhance the certificate of entitlement process, in particular the signature verification procedures, the Fund introduced changes in the criteria applied for attribute sampling for the 2008 certificate of entitlement run, targeting the following groups:

(i) All beneficiaries receiving a disability benefit;

(ii) All beneficiaries receiving a widow's/widower's benefit;

(iii) All beneficiaries over the age of 75;

(iv) All beneficiaries who are included in the payroll cash list provided to member organizations;

(v) Beneficiaries not in the above categories: for the 2008 certificate of entitlement exercise, the Fund decided to exceptionally ensure that the signatures of **all** beneficiaries in payment prior to 1 May 2007 also be verified (instead of the 20 per cent random verification done for this group during past exercises). As of the 2009 certificate of entitlement run, the Fund, in addition to the now yearly attribute sampling, will increase the random sampling from 20 per cent to 25 per cent to increase the probability that the signature of each beneficiary will be verified at least once every four years.

(d) A refresher course on handwriting analysis was given in 2009. All staff entrusted with the task of signature verification were required to attend the course.

(e) Other initiatives are in place, such as the creation of a facility that captures all signatures on file for each of the Fund's beneficiaries, allowing users to easily visualize the progression of a beneficiary's signature over the years. This will enable a more systematic review/comparison/matching of the existing signatures with the most recent one.

(f) The Fund is also embarking on the certificate of entitlement re-design project following the implementation of the General Assembly/Board decision to eliminate the marriage penalty for children under Article 36 which is effective since 01/01/2009. The project is expected to stretch out over several months and it is unlikely that it will be finalized in time for the 2009 certificate of entitlement exercise. However, the Fund aims at having finalized the re-design and all related aspects in time for the 2010 certificate of entitlement run.

(g) The new certificate of entitlement will include a warning statement that the falsification of signature or data provided on the certificate of entitlement will be considered as fraud. The re-design will also consider further ways to tighten verification of the country of residence for beneficiaries who are on the two-track system.

(j) Collaborate with member organizations to significantly reduce the number of participant reconciliation exceptions and increase the proportion reconciled at year end (para. 148).

Please refer to response in paragraph (h) above.

(k) The Board reiterates its previous recommendation that the Fund secretariat further increase the proportion of participants covered by automated data transfers.

The Fund has completed the project, as defined, to provide for the automated data transfer of participant information for 75 per cent of participants. This has now been accomplished. Ongoing maintenance will be required to adjust to the enterprise resource planning system installations and modifications by member organizations. These will be addressed as separate projects in the normal course of business.

(l) The Board recommends that the Fund secretariat: (a) implement improved controls and procedures to ensure that amounts outstanding from deceased estates are recovered in a timely manner; and (b) establish a policy on the accounting treatment of long outstanding amounts that are not recoverable.

The Fund has since established an accounts receivable group as part of the Financial Services Section. The group is specifically responsible for the follow-up on outstanding receivable balances. Total collections to date amount to $9.5 million.

The Board's other recommendations include that:

(a) The Fund develop a human resource plan (para. 85).

A human resources plan is being developed in accordance with Executive Office objectives in the third management charter. The human resources plan will be presented for consideration by the Board at its fifty-seventh session, in July 2010.

The Fund secretariat: (a) establish systems to verify the accuracy of the information provided by the member organizations prior to year-end closing; and (b) ensure reconciliations are performed and verified before the financial statements are finalized (para. 119).	The Fund is operating under the constraint that the data to which the Fund currently has access does not enable it to verify independently the contributions remitted on a monthly basis or prior to the year-end closing. However, the implementation of the invoicing system mentioned in the response to paragraph (b) above would eliminate the need for the current year-end schedules process. The Fund would have access to the information of member organizations in real-time, participants' data would be verified immediately and organizations invoiced for amounts due. As a result, the contributions amount recorded in the financial statements would need no further reconciliation during the year-end closing. The focus would need to change to an adequate and reliable contemporaneous verification of data being updated.

Annex I

Supplementary information to the budget estimates for the biennium 2010-2011: Fund costs

Table 1
Financial resources

(Thousands of United States dollars)

Category	2006-2007 expenditure	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2010-2011 estimate
A. Administrative costs	55 455.1	75 899.2	14 633.7	19.3	90 532.9	3 935.4	21 787.0	72 681.3	94 468.3
B. Investment costs	43 165.5	74 637.5	4 845.5	6.5	79 483.0	2 372.2	—	81 855.2	81 855.2
C. Audit costs	1 598.6	2 589.7	(86.7)	(3.3)	2 503.0	204.7	451.3	2 256.4	2 707.7
D. Board expenses		72.7	27.3	37.6	100.0	—	—	100.0	100.0
Total funding	**100 219.2**	**153 199.1**	**19 419.8**	**12.7**	**172 618.9**	**6 512.3**	**22 238.3**	**156 892.9**	**179 131.2**
Extrabudgetary	**142.7**	**153.6**	—	—	**153.6**	**9.0**	—	**162.6**	**162.6**

Table 2
Human resources

	ASG	D-2	D-1	P-5	P-4	P-3	P-2	GS (PL)	GS (OL)	Total
Administration										
Approved (2008-2009)[a]	1	1	3	9	17	25	1	8	100	165
New posts	—	—	1	—	3	3	—	2	5	14
New temporary posts	—	—	—	1	8	4	—	—	5	18
Total (2010-2011)[a]	**1**	**1**	**4**	**10**	**28**	**32**	**1**	**10**	**110**	**197**
Investments										
Approved (2008-2009)	—	1	2	10	8	5	—	9	14	49
New posts	—	—	—	—	5	2	—	1	1	9
Total (2010-2011)	**—**	**1**	**2**	**10**	**13**	**7**	**—**	**10**	**15**	**58**
Fund										
Approved (2008-2009)[a]	1	2	5	19	25	30	1	17	114	214
New posts	—	—	1	—	8	5	—	3	6	23
New temporary posts	—	—	—	1	8	4	—	—	5	18
Total (2008-2009)[a]	**1**	**2**	**6**	**20**	**41**	**39**	**1**	**20**	**125**	**255**

Abbreviation: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), GS (Principal level)

[a] Includes one extrabudgetary General Service (Other level) post funded by participating member organizations.

Annex II

Supplementary information to the budget estimates for the biennium 2010-2011: administrative costs

A. Executive direction and management

Table 1
Human resources requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Professional and above								
ASG	1	1	—	—	—	—	1	1
D-2	1	1	—	—	—	—	1	1
D-1	—	—	—	—	—	—	—	—
P-5	3	3	—	—	—	—	3	3
P-4	1	2	—	—	—	—	1	2
P-3	1	1	—	—	—	—	1	2
Subtotal	**7**	**8**	—	—	—	—	**7**	**8**
General Service								
Principal level	1	1	—	—	—	—	1	1
Other level	2	4	—	—	—	—	2	4
Subtotal	**3**	**5**	—	—	—	—	**3**	**5**
Total	**10**	**13**	—	—	—	—	**10**	**13**

Abbreviations: ASG, Assistant Secretary-General

Justification of new posts

Office of the Chief Executive Officer

Risk Management Officer (P-4)

1. It is proposed that a Risk Management Officer post be established at a P-4 level. The Risk Management Officer would serve as a full-time single point of contact responsible for assessing and monitoring risk, operational as well as actuarial, and for establishing protocols to better understand such risks. The Risk Management Officer would ensure safeguarding of the internal control framework, financial solvency, operational environment and the overall reputation of the Fund. In carrying out such functions, the Risk Management Officer would also be responsible for developing tools that could flag individual cases and potential processing errors requiring specific and additional reviews. In addition, the Officer would be responsible for ensuring compliance with the enterprise-wide risk management policy approved in 2006 by the Pension Board. The Officer would also be accountable for ensuring that all outstanding audit issues classified as high-risk are resolved promptly and that, when necessary, the Officer would ensure implementation of the required changes in the Fund's operational processes. In

essence, the position would be responsible for operational due diligence and creating a "culture of compliance" within the Fund.

Senior Staff Assistant (General Service (Other level))

2. As reported to the Board in 2008, the Fund has undergone an entire office review, which has resulted in a proposal that would, among other things, allocate more support to the servicing of the meetings of the Pension Board, the Standing Committee, the Committee of Actuaries and of other committees and working groups. The increased servicing support would include both substantive and administrative functions. The current Meetings Services Assistant post (General Service (Professional level)), provides both senior administrative support and meetings services support to the Office of the Chief Executive Officer. Given the demands on its time and focus, with over 14 major meetings both within and outside of New York, the position can no longer provide adequate administrative and secretarial support for the Office. The proposed post would therefore provide additional administrative and secretarial support to the Office, which would also include a new technical evaluation and risk management team, as included in the overall proposal for restructuring. Under the supervision of the Chief Executive Officer, the incumbent would serve as the Senior Administrative Assistant to the Chief Executive Officer, with primary responsibility for administrative and staff assistant support to the Office of the Chief Executive Officer. The incumbent would manage Office communications, both internally and externally, while also managing the overall workflow and support in terms of travel and meetings coordination, coordination of speechwriting, preparation and maintenance of Office presentations and/or follow-up in respect of decisions taken by the senior management team.

Legal Office

3. The Legal Office is responsible for providing unified legal service for the Fund's management and operations and for offering substantive, procedural and administrative servicing of the sessions of the Audit Committee and the Standing Committee (appeals) of the Pension Board, as well as of the United Nations Staff Pension Committee (disability cases). The Office is responsible for ensuring that Fund operations comply with the United Nations Joint Staff Pension Fund Regulations and Rules, that these are consistently interpreted, taking into account the legislative history of the provisions as well as appropriate legal research and analysis of precedents, and that the legal interests of the Fund are otherwise adequately protected. In achieving its objectives the Legal Office needs to be further strengthened and modernized.

Legal Assistant (General Service (Other level))

4. It is proposed that the Legal Office be reinforced by establishing a post for a Legal Assistant (General Service (Other level)). The tasks performed by the Legal Assistant would include supporting the Fund's Legal Office in its efforts to codify and systematically publicize — by utilizing fully modern information technologies — legal precedents and rulings, policy decisions and harmonized procedures to ensure uniform interpretation of the United Nations Joint Staff Pension Fund Regulations and Rules. Such modernized and improved knowledge-sharing in respect of legal matters would increase information access by Fund operations and management,

enhance familiarity with issues and therefore minimize legal risks and facilitate efficiency of the process and the use of best practices.

5. Increased demand for legal review and support for operational activities calls for a new approach to document and share legal precedents, rulings and policy decisions concerning pension matters in a way that would allow the Fund managers and colleagues to familiarize themselves with legal issues, take into account legal risks in their daily decision-making and enhance the use of best practices. The Legal Assistant would be responsible for assisting the Legal Office in the preparation of documents, summaries, legal briefs and, under supervision, disseminate such information. The Legal Assistant would assist the Office in codifying and systematically recording legal reference files, opinions, documents and case laws in the Fund's knowledge management system to ensure rapid retrieval of critical information. In addition, the incumbent would prepare documents for electronic storage, access and circulation/publication and would assist in reviewing contents and extracting key data and text excerpts for categorization and indexing purposes and for easy reference searches.

6. In addition, the Legal Assistant would assist the Legal Officers in researching and compiling legal materials for use in the preparation of legal opinions, for inclusion in studies and reports and for matters before the Standing Committee of the Pension Board and before the United Nations Administrative Tribunal. The incumbent would service various committees, hearings and other meetings, draft minutes and notes and monitor follow-up actions. The incumbent would handle a variety of relatively complex verbal and written inquiries from internal and external parties, including providing detailed information on processes and procedures related to a range of legal activities.

Table 2
Financial resources requested

(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2008-2009 estimate*
Posts	2 982.9	376.2	12.6	3 359.1	665.9	1 341.7	2 683.3	4 025.0
Other staff costs	732.6	1 069.3	146.0	1 801.9	—	553.8	1 248.1	1 801.9
Consultants	85.0	152.6	179.5	237.6	—	—	237.6	237.6
Travel	911.2	298.7	32.8	1 209.9	—	—	1 209.9	1 209.9
Contractual services	511.7	148.3	29.0	660.0	—	—	660.0	660.0
Hospitality	3.2	0.8	25.0	4.0	—	—	4.0	4.0
Total	**5 226.6**	**2 045.9**	**39.1**	**7 272.5**	**665.9**	**1 895.5**	**6 042.9**	**7 938.4**

	Cost estimate	*Variance*	
Posts	$3 359.1	$376.2	12.6%

7. The estimate of $3,359,100 provides for the 10 continuing posts and the proposed 3 new established posts.

	Cost estimate	*Variance*	
Other staff costs	$1 801.9	$1 069.3	146.0%

8. The provision is made for 24 months of general temporary assistance (equivalent to 2 General Service (Other level)) to provide additional capacity within the Office of the Chief Executive Officer for special projects and to manage the additional workload during the periods of preparation for Pension Board meetings; for servicing the meetings of the working group, the Audit Committee and the Committee of Actuaries ($303,100); for 12,110 hours of overtime ($557,900) to be performed by the staff during the busiest periods of the year; for training of staff ($140,400) based on the 2008-2009 training plan; and for projected expenses for the current biennium. In addition, the amount $800,500 is requested for after-service health insurance for 43 retirees, based on current costs charged to the Fund.

9. The variance is due to additional costs for after-service health insurance, overtime and training as follows:

Table 3
Other staff costs resource requirements
(Thousands of United Sates dollars)

Description	*Appropriations*	*Estimate*	*Increase/decrease*
General temporary assistance	217.6	303.1	85.5
Overtime	413.8	557.9	144.1
Training	101.2	140.4	39.2
After-service health insurance	—	800.5	800.5
Total	**732.6**	**1 801.9**	**1 069.3**

	Cost estimate	*Variance*	
Consultants	$237.6	$152.6	179.5%

10. Provision is made for external expertise in the areas of strategic planning and implementation strategy workshops ($12,600) and for an asset liability management study ($225,000) to be carried out in 2011, as described in annex III, paragraphs 12 to 19.

	Cost estimate	*Variance*	
Travel	$1 209.9	$298.7	32.8%

11. The travel requirements for the 2010-2011 biennium are as follows:

Table 4
Travel of representatives and staff

Type of travel	*Amount (United States dollars)*	*Output reference*
Governance	134 575.3	Attendance by the Chief Executive Officer and his staff at two sessions of the United Nations Joint Staff Pension Board
Technical support	161 629.4	Visits to meet with retiree associations, participants and secretaries of local staff pension committees
Management/administrative visits	139 248.7	Visits by the Chief Executive Officer and his staff to and from Geneva for management and administrative matters
Conferences/miscellaneous travel	138 470.7	---
Subtotal travel of staff	**573 924.1**	
Governance (Committee of Actuaries)	317 404.7	Attendance by the Committee of Actuaries at three meetings Attendance at two sessions of the United Nations Joint Staff Pension Board
Governance (Audit Committee)	250 993.3	Attendance by the Audit Committee at six meetings
Governance (working group)	67 541.1	Attendance by the working group at four meetings
Subtotal travel of representatives	**635 939.1**	
Total	**1 209 863.2**	

12. Funds are requested for the Chief Executive Officer and his staff to attend two sessions of the United Nations Joint Staff Pension Board, to hold a number of meetings with retiree associations, participants and staff pension committees, to conduct management and administrative visits to Geneva and two IPAS design and implementation strategy workshops, and for miscellaneous travel.

13. Travel of representatives comprises attendance by the Committee of Actuaries at three meetings per biennium, travel expenses of the officials to two United Nations Joint Staff Pension Board meetings. In addition, provision is made for six meetings of the Audit Committee during the biennium. Additional provision is made for the travel of the working group.

	Cost estimate	*Variance*	
Contractual services	$660.0	$148.3	29.0%

14. An increase of $148,300 is requested in the provision for the services of institutional contractors, which will continue to be outsourced to an external company for actuarial services ($500,000), a benchmarking study ($100,000), and a

human resources assessment ($60,000) based on the actual expenses incurred during 2008-2009 for similar services.

	Cost estimate	*Variance*	
Hospitality	$4.0	$0.8	25.0%

15. An increase of $800 is made in the provision for hospitality for estimated costs associated with the performance of official functions by the Chief Executive Officer, and thus $4,000 is requested.

B. Programme of work

Table 5
Human resources requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Professional and above								
D-2	—	—	—	—	—	—	—	—
D-1	2	3	—	—	—	—	2	3
P-5	3	3	—	—	—	—	3	3
P-4	9	10	—	6	—	—	9	16
P-3	13	15	—	2	—	—	13	17
P-2/1	1	1	—	—	—	—	1	1
Subtotal	**28**	**32**	**—**	**8**	**—**	**—**	**28**	**40**
General Service								
Principal level	6	8	—	—	—	—	6	8
Other level[a]	87	90	—	4	1	1	88	95
Subtotal	**93**	**98**	**—**	**4**	**1**	**1**	**94**	**103**
Total	**121**	**130**	**—**	**12**	**1**	**1**	**122**	**143**

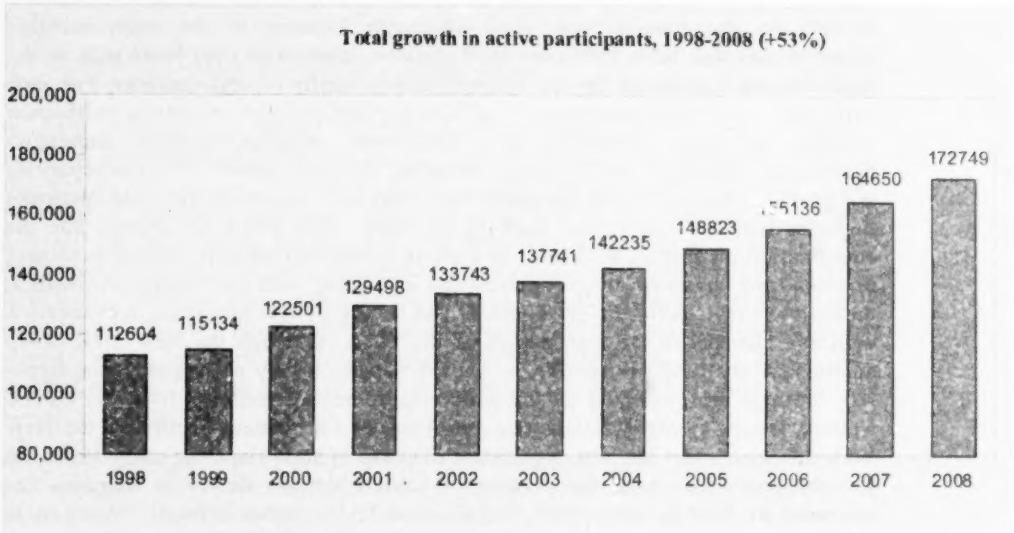
[a] One extrabudgetary post funded by participating member organizations.

Operations: general comments and overall workload

16. There has been a continuous and steady increase in the total number of participants, retirees and other beneficiaries covered by the Fund (see sect. I, figures I and II). This has resulted in an ongoing increase in workloads, concomitant growth in complexities and a growing number of cases processed and clients being serviced by the various work units in Operations.

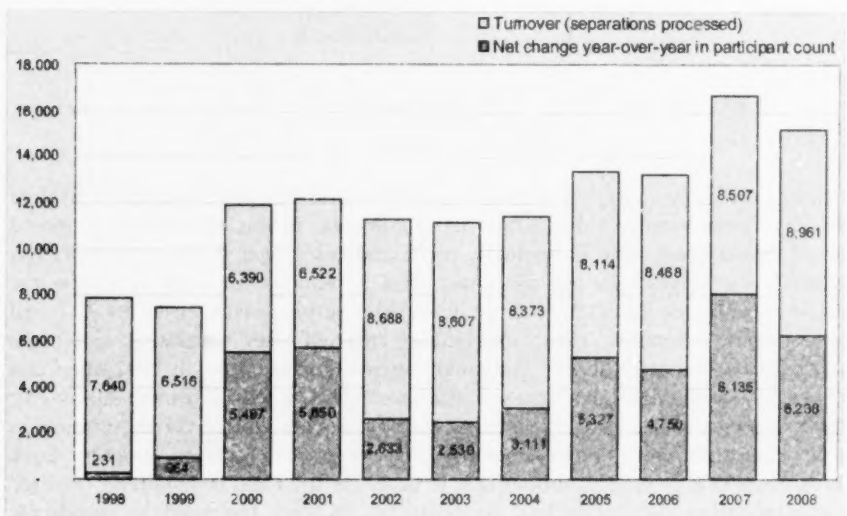
17. The active participant population of the Fund has experienced unprecedented growth over the past 10 years; it has reached and quickly surpassed the 100,000 milestone of active participants (in early 2007). As reflected in figure I, in total numbers of clients serviced (active participants, retires and other beneficiaries), the Fund has grown by more then 53 per cent in just 10 years (i.e., it is currently serving nearly 173,000 individuals).

Figure I



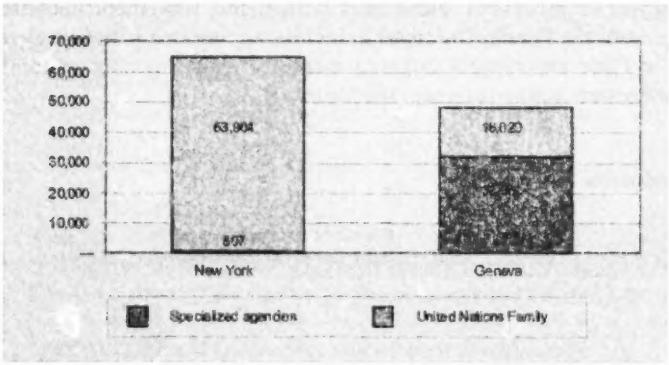
18. Not only has there been an overall average growth rate of over 5 per cent per year during the period but the Fund also continues to experience and must respond to increases in client turnover (i.e., the number of new participants affiliated with the Fund and the number of processed withdrawal settlements, retirement benefits and other separations from the Fund). The trend in increasing workloads is expected to continue, while the Fund experiences ongoing increases in the number of total individuals that it administers year-over-year (see figure II).

Figure II
Processed new participants



19. As in previous years, the fastest participant growth continues to be the Department of Peacekeeping Operations. Its missions are administered almost entirely by the Fund's New York office. In contrast to the other member organizations that have their own staff pension committees, the Fund acts as the Staff Pension Committee for the United Nations family of organizations. For such participants, the Fund determines eligibility for participation, maintains participant records, processes validation and restoration requests, collects separation documents, calculates and processes benefits, resolves contribution discrepancies and provides the related and necessary client services. Moreover, the Fund continues to depend on its operational staff in the New York office to provide for the coordination of training activities, as well as substantial backup support in respect of processing the most complex cases and in liaising with the Fund's information technology services for the development and testing of new processes in connection with any changes in the plan design of the Fund. Although the New York office administers about 80 per cent of the United Nations family participants (see figure III), the area most affected by the work requirements emanating from the United Nations family of organizations (i.e., the Pension Entitlement Section of the New York office) has not had any significant increase in staff since the early 1990s. In just the past four years, the number of United Nations family participants has increased by 34.2 per cent, from 59,542 as at 31 December 2004, to 79,933 as at 31 December 2008.

Figure III
Participants by United Nations family and specialized agencies



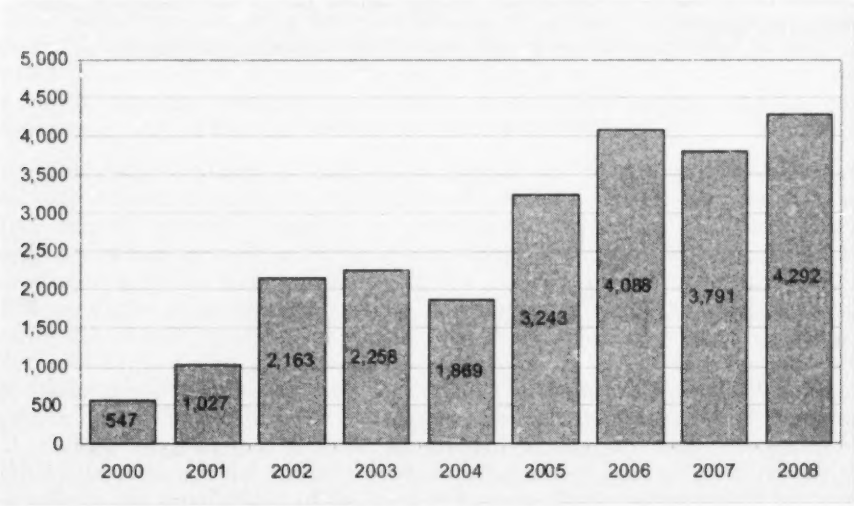
20. Since the early 1990s the Regulations, Rules and Pension Adjustment System of the Fund have become substantially more complex. In this connection, it should be noted that the reduction in manually processed cases over the past 10 years has been easily outweighed by the additional time it requires for staff to review the increasingly complex cases, such as for death-after-service cases, cases for divorced surviving spouse benefits, cases for spouses married after separation and cases emanating from the increase in transfer agreements. For example, in 1997, the Fund reviewed 782 death-after-service cases (deaths of main beneficiaries and survivors); in 2008, it reviewed 1,237 such cases. These benefits are among the most complex and are therefore more time-consuming for operational staff to process. Such benefits often require several follow-ups, in order for the Fund to obtain all required and substantiating documentation. At times, it involves the need to coordinate

benefits in respect of multiple spouses with various child benefits, often with such beneficiaries residing in different countries. Moreover, such cases also frequently require further explanations and calculations in respect of the two-track adjustment feature since surviving spouses can reconsider the initial decision taken in these matters.

21. The information, related statistics and workloads described above relate mostly to the Pension Entitlement Sections in Operations (New York and Geneva). The noted trends, however, have equal significance and perhaps even more important longer-term challenges for the workloads of the staff in the Client Services and the Records Management and Distribution work units in Operations. The Client Services work units represent the front line for the Fund in dealing with participants, retirees and other beneficiaries of the Fund, including all related communications, such as regular mail, e-mail, fax, telephone and in-person walk-in clients. On the basis of all such communications, the Records Management and Distribution staff must also assign and distribute all related work through the Fund workflow system.

22. The ensuing and increasing complexity of the Regulations, Rules and Pension Adjustment System of the Fund continues to prompt questions from the participants, retirees and other beneficiaries of the Fund. Technology has certainly helped, in particular the improved interfaces and enhanced website. At the same time, however, it must be recognized that such improvements are also leading to a more informed client base and therefore more detailed questions requiring longer and more thoughtful responses from the staff involved with Client Services. In order for the Client Services Unit to be able to effectively address and respond in a timely manner to the growing number of queries, the Fund will need to give serious consideration to future increases in the number of staff in the Unit. The statistics provided in figure IV clearly reflect a significant increase in the volume of incoming correspondence.

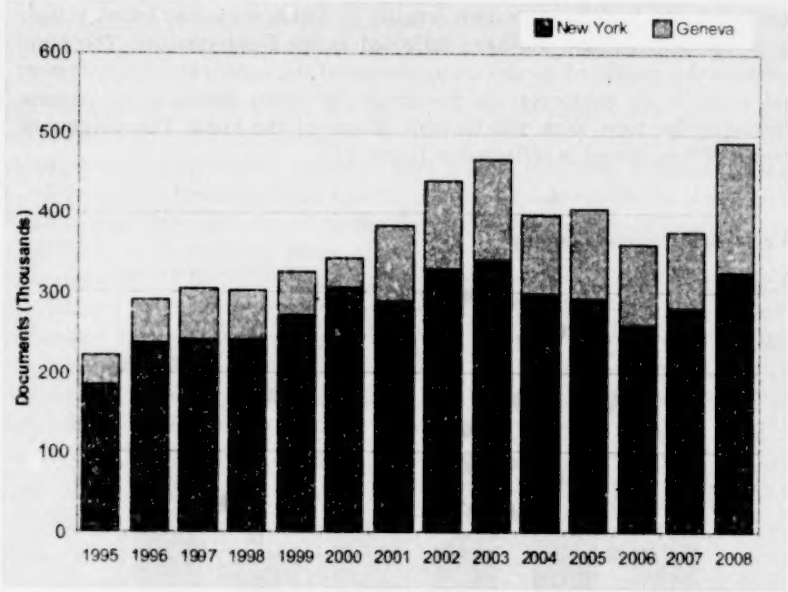
Figure IV
General enquiries (surface and e-mail), New York office



23. Efforts continue to be made to enhance the tools available to the Client Services Unit. It is expected that further improvements can be made to the Fund website. In addition, the Unit is focusing on the introduction of a client relationship management system, which would result in further efficiency gains and better customer satisfaction. Such applications are intended to improve the quality of service by maintaining better records, while recording all relevant feedback. The Client Services, Records Management and Distribution Unit is currently examining a client relationship management product, which is already in use by the United Nations and which could be linked to the Fund's existing information technology systems. A client relationship management system would be designed to provide a "self-service" approach by directing clients to a "frequently asked questions" site specifically related to the subject matter of the question being raised. This would, in turn, make more time available in the Client Services Unit for staff to respond to the growing number of complex questions being submitted. The system would also provide for a more systematic collection of client services-related data that could be utilized to identify and to more appropriately address specific and critical issues.

24. The Records Management and Distribution work units (New York and Geneva) essentially process all incoming and outgoing correspondence of the Fund, prepare the documents and scan them into the relevant databases, after which they are indexed (i.e., electronically filed) and work cases are subsequently opened and assigned to the appropriate staff of the Fund. The increase in the number of participants and beneficiaries brings with it an exponential increase in the related documents received and scanned into the appropriate files. The steep increase in the number of documents scanned in 2008 is a result, in large part, to more frequent staff movements in the peacekeeping missions. The missions are either downsizing or newly created and therefore generate substantial numbers of personnel action forms that must be scanned into the respective files. It should be noted that although there have been efficiency gains attributable to the increase in system interfaces with a number of member organizations, there has been only a partial reduction in overall scanning responsibilities since the Fund continues to receive a substantial amount of hard copy forms and documentation from organizations and from its participants, retirees and other beneficiaries. The heavy volume of work (i.e., hundreds of thousands of documents) being carried out in this respect is clearly reflected in figure V.

Figure V
Documents scanned by Records Management and Distribution Unit

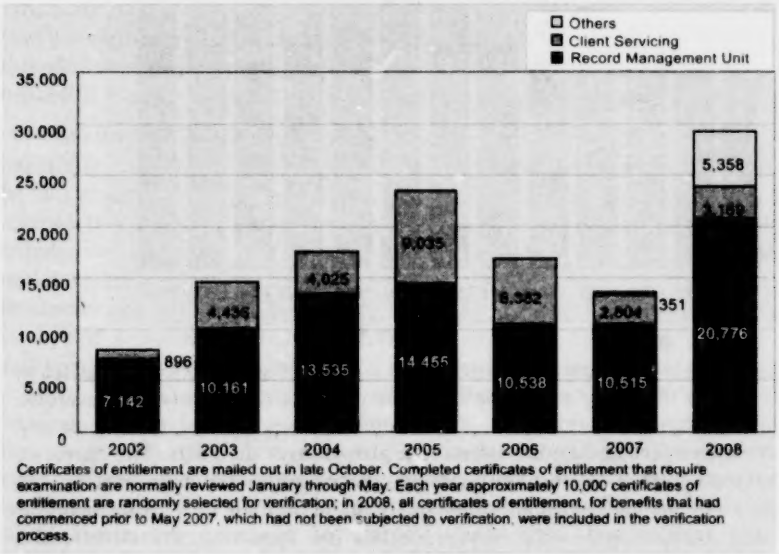


25. The Records Management and Distribution work unit in the New York office is also responsible for initiating and completing the certificate of entitlement exercise each year. The volume of certificate of entitlement cases opened for mandatory signature verification has undergone substantial growth over the years. The exercise, which is executed over a seven-month period, places additional pressures on the staff involved since the staff must simultaneously maintain their processing speed in respect of the regular and very heavy volume of incoming documents, the subsequent scanning of such documentation and the assignment of specific tasks to the appropriate staff through the Fund workflow system. The pressures in this respect have been increasing since the volume of certificate of entitlement cases opened for mandatory signature verification has grown substantially. In fact, in order to be in a position to address the notable increase in volume, the Fund has had to request additional resources from outside of the Client Services, and Records Management and Distribution Unit for both 2007 and 2008.

26. The 2008 certificate of entitlement exercise has been a greater challenge, owing to a recommendation by the Office of Internal Oversight Services that the Fund employ attribute sampling to increase the probability that beneficiary signatures would be verified at least once every five years. In order to be in compliance with the recommendation, it was decided that, exceptionally for the 2008 certificate of entitlement exercise, the signatures would be verified on all certificates of entitlement for the benefits that had commenced prior to May 2007. This resulted in a further increase in workload for the Client Services, Records Management and Distribution Unit, necessitating temporary additional resources to assist in the verification process. In addition, a recently implemented web initiative has enabled beneficiaries to look up the arrival date of their certificate of entitlement. Although the initiative provides a better and more efficient service to the retirees and beneficiaries of the Fund, it has also further increased the pressure

on staff to process the certificates of entitlement without delay. Any delay in the process can affect the staff in the Client Services work unit since once the certificates of entitlement are returned to the Fund, the retirees and other beneficiaries are quick to follow-up with e-mails in which they enquire why their certificates of entitlement have not been reflected in the Fund systems. The Fund hopes to enhance the quality of its service in respect of the certificate of entitlement process and is currently exploring the possibility of better dividing the process workload between the New York and Geneva offices of the Fund. The volume of work in respect of the process is reflected in figure VI.

Figure VI
Examined certificate of entitlement



Certificates of entitlement are mailed out in late October. Completed certificates of entitlement that require examination are normally reviewed January through May. Each year approximately 10,000 certificates of entitlement are randomly selected for verification; in 2008, all certificates of entitlement, for benefits that had commenced prior to May 2007, which had not been subjected to verification, were included in the verification process.

27. Paragraphs 16 to 27 above provide general comments and an overview of the increased workload in Operations. The section below explains the emerging business scenario and the need for a more strategic approach to planning for the future operational activities of the Fund. It also provides full justification and substantiation regarding the need for additional resources in this critical area of the Fund.

Justification of new posts

Pension Entitlement Section

28. The Fund has reached a critical juncture in its evolution. It has experienced steady growth since its inception and unprecedented growth over the past 10 years in the population it services.[a] Over the years, the Fund has been expanding its

[a] The steady growth in the population served by the Fund is reflected in figures I and II in sect. I of the document; the growth experienced over the past 10 years has been unprecedented. From 1999 to 2008, there has been a 64 per cent increase in the number of active participants being serviced by the Fund. During the same period, there has been a 29 per cent increase in the number of benefits in payment. All this translates into substantial increases in the need for benefits processing, inquiries and related follow-ups that are most often directed to Operations.

benefit provisions to cover not only a greater number of individuals but also to address a wider scope of unique circumstances. These developments are resulting in increasing complexities for Operations and a concomitant growth in its responsibilities. Moreover, the international and multiorganizational nature of the Fund, along with its multi-tiered structure of benefit entitlements, will continue to present Operations with new and increasingly demanding challenges. The growth in the volume of its work and the increasing complexities that must be regularly addressed are also culminating at a time in which Operations is experiencing a steady loss in institutional memory. This critical point has been recognized by the Fund in its third management charter, which cites the growing complexity of the Fund's operations as one of its main challenges. The challenge is particularly significant in Operations, given the loss of a number of key staff with a unique understanding of the Fund's intricate benefit provisions and its internal processing procedures; at the same time, the remaining staff members are being tasked with increasing reporting responsibilities. The challenge will be further compounded by the fact that the Fund is currently gearing up for a move to a new Integrated Pension Administration System platform, which will have a heavy impact on the operational arm of the Fund.

29. It must be recalled that the operational arm of the Fund focuses on establishing new participants under its systems. Operations must also, on a priority basis, focus on setting up the long-term annuities that become due for such participants upon their retirement from any of the 23 member organizations of the Fund. This requirement is considered to be of utmost importance, given the need to maintain a constant stream of income for participants who move from active employment to retired status; it is especially important for participants who have been living from pay cheque to pay cheque. To achieve such a goal, Operations strives to have pension benefits put into payment within 15 days of having received all required separation documents from the participant's former employing organizations. In order to carry out its functions in such an environment, while delivering benefits to the over 170,000 individuals serviced by the Fund, Operations requires a large, highly informed, well-trained and highly experienced pool of staff that is kept regularly updated.

Specific tasks carried out by benefits processing staff (Pension Entitlement Section, New York and Geneva)

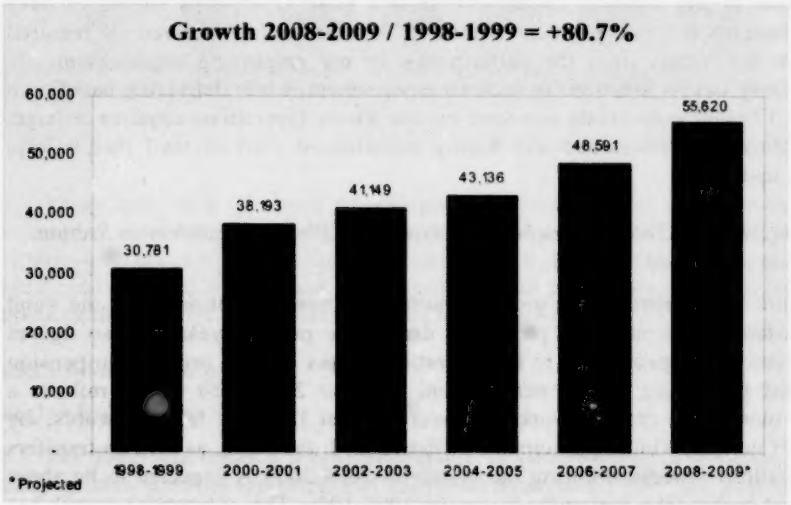
30. Figure VII illustrates the growing number of new affiliations with the Fund plus transfers and separations processed during the past 12 years. These figures relate directly and specifically to the operational tasks of staff involved in pension entitlement processing in the period from 1998 to 2009. The figure reflects a dramatic increase in specific workloads over the past 12 years. In other words, the number of new individual participants affiliated with the Fund, as well as transfers and separations processed during the biennium 2008-2009 is expected to be about 81 per cent higher than during the biennium 1998-1999. This substantial growth has been met with the help of the information technology services of the Fund. However, it must also be noted that the staffing component responsible for the related tasks has increased by only 26 per cent during the period,[b] notwithstanding

[b] The total number of staff (New York and Geneva offices) directly involved with such benefit processing responsibilities in 1998 was 35 and in 2009 it is 44.

the significant increases in the volume and complexity of the workload. The 26 per cent increase in staffing over the past 12 years, compared to the 81 per cent growth in specific tasks carried out by the respective staffing component, confirms significant productivity gains. In other words, during the biennium 1998-1999 the 30,781 measurable tasks reflected in figure VII were carried out by a staffing component of 35. The resulting ratio would therefore be about 880:1 (tasks to processing staff). For the 55,620 expected tasks to be carried out during the biennium 2008-2009, the ratio would increase substantially, to about 1,260:1.

31. Such gains have been realized through technological improvements, including additional and enhanced interfaces, as well as through further automation of benefit calculations. It must be stressed, however, that although the staffing component directly involved with these tasks has been managing with commendable efficiency, its capacity to address the increasing volume of incoming tasks, which is expected to continue to grow (and is already spilling over significantly into the Client Services Unit), will be rapidly diminished if the staffing situation is not addressed soon. More specifically, the current workloads assigned to this staffing component is already alarmingly excessive. For example, on 31 March 2009, there were over 11,000 specific work types already assigned to staff with benefit processing responsibilities. On average, this would translate into 250 specific cases for each of the 44 posts approved in respect of benefit processing responsibilities. In other words, the average staff member with benefit processing responsibilities has about 250 work items to attend to at any given time.

Figure VII
Affiliations of new participants, transfer cases and separations



32. In addition, and as a result of a growing active participant population, increasing longevity in the life expectancy of Fund retirees and other beneficiaries, and expanding provisions covering a wider scope of circumstances and individuals, Operations is being tasked with increasing numbers of benefits that must be calculated and processed after the initial retirement benefit has been set up upon

separation. Once again, this represents a dramatic increase in specific workloads over the past 12 years. During the biennium 2008-2009, these workloads are expected to be about 62 per cent higher than during the biennium 1998-1999, notwithstanding the relatively small increase in respective staffing components. It must be kept in mind that, not only are such benefits increasing significantly in numbers, they are also among the most complex and time-consuming benefits to process. For example, these benefits relate to cases such as: death-after-service cases; cases of deferred benefits put into payment; the two-track system; special measures; and residual settlements. As reflected in the previous paragraph, the significant productivity gains in respect of benefits processed after separation can also be demonstrated through corresponding ratios. In this connection, it should be noted that the ratio of the 3,511 measurable tasks related to benefits calculated after the initial separation, during the biennium 1998-1999, yields a ratio of about 100:1; whereas the ratio reflecting the 5,676 tasks expected to be carried out in the biennium 2008-2009 would reflect a ratio of about 129:1. In fact, Operations must be prepared for such continued and accelerating growth. This becomes more significant given that these are the more complex and time-consuming cases to process and therefore require the extensive skills that only longer-serving and more experienced staff members can provide.

33. In addition, and due to the complexity of these cases, the Fund often receives claims for payment under the relevant provisions from ineligible individuals who believe they may be entitled to such subsequent benefits. These cases are often time-consuming since substantiating documentation must often be reviewed and a number of follow-ups may be required. Once it is determined that the claimant is ineligible, the case is invalidated. Although this may involve considerable time and effort by the benefit processing staff, such work is not included in the statistics that reflect actual benefits processed after separation. For example, in the biennium 2000-2001, there were 106 such invalidated claims. This work is in addition to the 3,422 cases processed during the period. The number of invalidated cases for the biennium 2006-2007 increased to 405, representing a 282 per cent increase in just eight years.

34. The information provided above reveals significant increases in tasks that must be carried out by the benefits processing staff in the New York and Geneva offices. Moreover, if the staffing situation is not addressed soon, the related and increasing benefits processing responsibilities, related inquiries, required follow-ups and growing need for hands-on communications between such staff and the various member organizations and/or with the individual participants and beneficiaries, could soon overwhelm the existing staffing component responsible for such activities.

35. There have been regular and notable increases in the number of estimates provided by the New York and Geneva offices of the Fund. The increases are consistent with the growth reflected above and relate to actual benefit processing. With respect to estimates, there has also been a significant increase in specific workloads over the past 12 years. The numbers clearly demonstrate an upward trend in the number of such cases that will need to be processed by the respective processing staff in Operations. For the biennium 2008-2009, the workloads are expected to be about 84 per cent higher than for the 1998-1999 biennium, notwithstanding an increase in the respective staffing component of only 26 per cent. In this connection, it should be pointed out that although the Fund website provides substantial support, there are still a significant and growing number of

individuals who prefer to request estimates directly from the Fund's benefit processing staff, sometimes requiring personal consultations as well. It should be noted that for 2008, over 170,000 estimates were provided through the Fund website.

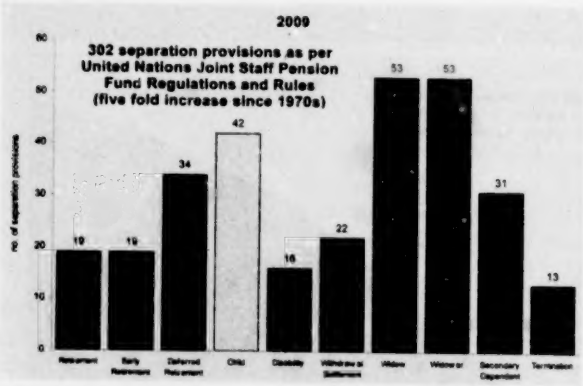
36. Finally, it should be kept in mind that the 15-day benchmark for processing retirement benefits and the aim to further improve the benefit processing ratios cited above involve inherent risks that must be carefully weighed against the need to process benefits accurately. The relevant risks will continue to grow in the best of circumstances, given the ongoing growth in the population serviced by the Fund and the complexities that continue to be added to the provisions governing the plan. However, and in the light of the planned transition to the new Integrated Pension Administration system platform, it is expected that such risks will not only increase but will likely multiply. In fact, it is anticipated that during such a transition, the 15-day benchmark and the relevant processing ratios would likely be adversely affected, especially if the respective staffing component is not strengthened with adequate lead time.

Increasing complexities being addressed by benefits processing staff (Pension Entitlement Section, New York and Geneva)

37. It must be stressed that the staff members in Operations also have to deal with significant and increasing complexity. The independent consultants who carried out the whole office review noted that the complexity added risks to pension fund administration and that whenever exceptions were created risks in a pension fund environment increased geometrically, not linearly. Figures VIII and IX reflect the significant, increasingly complex and "still evolving" provisions contained in the Regulations and Rules of the Fund. The figures demonstrate the dramatic increase in the various separation provisions provided for in the Regulations and Rules of the Fund since 1971. For example, in 1971 there were six provisions in respect of child benefits. Today, there are 42 such provisions.

Increasing complexity of separation provisions under the Regulations and Rules of the United Nations Joint Staff Pension Fund

Figure VIII

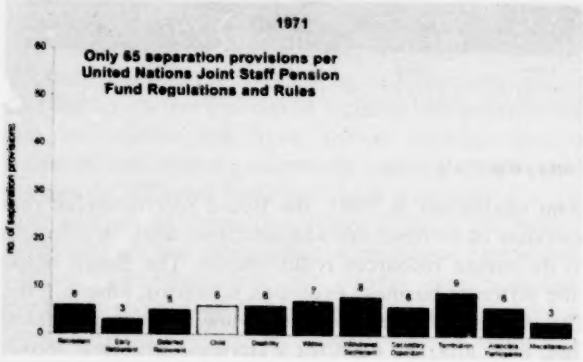


Example: Separation Provisions for Child Benefits

2009 (42 provisions)

1	DISABLE (NIP) 38(c)	22	ORPHAN REG. PARA(e)+(d) 38(d)(e)
2	$1800-MAXIMUM (NIP) 38(c)	23	ORPHAN MINIMUM 38(d)(e)
3	$300 MINIMUM (NIP) 38(c)	24	DISABLE ORPHAN (c) 38(b)(d)(e)
4	$600 MAXIMUM (NIP) 38(c)	25	DISABLE ORPHAN (d) 38(b)(d)(e)
5	ORPHAN FAR - MAXIMUM (NIP) 38(c)	26	DISABLE ORPHAN (d+e) 38(b)(d)(e)
6	ORPHAN $1800 MAX (D) 38(d)(e)(f)	27	DISABLE ORPHAN MINIMUM
7	CHILD IN PAY - RE-EMPLOYED	28	ORPHAN FAR - MAXIMUM 35(f)
8	CHILD NOT IN PAY - RE-EMPLOYED	29	$1800-MAXIMUM 35(f)(d)
9	PENDING-AWAITING PI	30	REGULAR 1/3 OF 1/50 FAR (NIP) 38(c)
10	REGULAR 1/3 OF 1/50 FAR 38(d)	31	FAR-MAXIMUM (NIP) 35(c)
11	REGULAR 1/3 OF 1/30 FAR 38(d)	32	FAR ORPHAN 35(d)(e)(f)
12	REGULAR 1/3 OF $180 38(d)	33	ORPHAN $1800 MAX (D) 35(d)(e)(f)
13	$300 MINIMUM 38(d)	34	PENDING-AWAITING PI
14	$600 MAXIMUM 38(d)	35	ORPHAN-REG PARA (e) 38(d)(e)
15	DISABLE 1/3 OF 1/50 FAR 38(d)	36	ORPHAN REGULAR 38(d) 38(d)(e)
16	DISABLE 1/3 OF 1/30 FAR 38(d)	37	ORPHAN REG. PARA(e)+(d) 38(d)(e)
17	DISABLE 1/3 OF $180 38(d)	38	ORPHAN MINIMUM 38(d)(e)
18	DISABLE $300 MINIMUM 38(d)	39	DISABLE ORPHAN (e) 38(b)(d)(e)
19	DISABLE $600 MAXIMUM 38(d)	40	DISABLE ORPHAN (d) 38(b)(d)(e)
20	ORPHAN-REG PARA (e) 38(d)(e)	41	DISABLE ORPHAN (d+e) 38(b)(d)(e)
21	ORPHAN REGULAR 38(d) 38(d)(e)	42	DISABLE ORPHAN MINIMUM

Figure IX



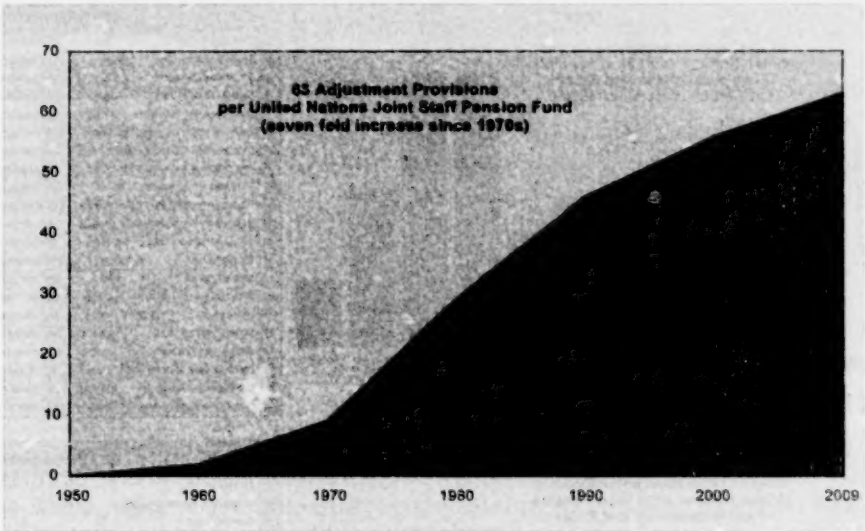
1971 (6 provisions)

1	REGULAR 37(d)
2	MINIMUM or MAXIMUM 37(d)
3	ORPHAN 37(e)
4	FROM EARLY RETIREMENT BENEFIT 37(c)
5	REINSTATED AFTER DISCONTN BENEFIT 37
6	DISABLED 37(b)

38. It should be further noted that not only have the separation provisions increased in complexity but the Pension Adjustment System has grown increasingly and has become dramatically more complex. In this connection, figure X indicates the increasing complexities being addressed by staff in Operations (as well as by staff in the Financial Services Section). The figure is a simple snapshot of the increase in the number of provisions of the Pension Adjustment System since the inception of the Fund.

Figure X

Increasing complexity of the provisions in the United Nations Joint Staff Pension Fund Pension Adjustment System



Strategic reviews, assessments and proposals

39. Recognizing the important challenges in 2007, the Board recommended that the Fund carry out a strategic review of its functions and structure, while developing a more strategic approach to its human resources requirements. The Board noted that such a plan should provide different business evolution scenarios, adapting the staffing needs accordingly. The independent whole office review that was presented to the Board in 2008 identified, inter alia, the need for a strategic structural move, which the Fund has already begun to implement. More specifically and as noted above, the Chief Executive Officer decided to make a distinction between the functions of its financial services and its operational services. This is a significant and strategic first step since it recognizes the need for a sharper focus in two of the most essential and core areas of the Fund.

40. In its request for a whole office review, the Board aimed to avoid the past piece-meal approach in respect of Fund budget proposals. It was with this in mind that Operations carried out a further assessment, which took the process one very important and logical step further since it specifically examined the existing situation in Operations under the new organizational structure. The review identified a significant concern in addition to and separate from the financial risk regularly monitored in the Fund's periodic actuarial valuations. The concern regards the growing but difficult-to-measure "operational risk." In this connection, it should be recalled that the Office of Internal Oversight Services had engaged the consulting services of PricewaterhouseCoopers to conduct a comprehensive risk assessment of the Fund. The review identified a number of areas that the Fund needed to improve, including the preservation of institutional memory, the provision of adequate staff resources to handle an increase in general workload and the assurance of consistency in processing retirements in the New York and Geneva offices. The

following budget proposals in respect of Operations have been developed with these issues fully in mind.

41. The levels and the various features of the identified "operational risks" call for carefully planned controls, which must be met in the first instance, and on a most fundamental basis, by regularly and comprehensively trained staff, which can only be provided for by the most relevantly experienced operational staff. Moreover, given that such unique and in-depth specialization can only be acquired through years of hands-on personal experience, the Fund must make concerted efforts to retain its staff over the long term, notwithstanding the notable trend towards shorter-term employment arrangements. The Fund must therefore give more careful consideration to providing better career prospects, while at the same time aiming to better manage its institutional memory through more systematic long-term training and succession planning.

42. On the basis of the assessment carried out in respect of Operations, the Fund concluded that a separate unit within Operations would be required to deal with the increasing number of policy-related issues, including but not limited to: the need to preserve institutional memory, the pressing need for more systematic, consistent and specialized training for the New York and Geneva offices of the Fund, the increasing number of urgent requests for special projects and reviews, the increasing need to follow up and/or implement actions related to audit observations and other important and increased reporting requirements. More specifically, the new unit proposed in the review would separate the policy-related functions of Operations from its regular and most critical benefits processing and client servicing responsibilities, thereby essentially creating what could be perceived as a "firewall" between the different functions. Such a separation would enable each area to focus more fully on its respective duties. Indeed, the strategic whole office review, as carried out by the independent consultants, concluded that Operations should be "focused" on establishing the correct benefit entitlements. The assessment of Operations recognized that, in the current environment, the objective had become increasingly difficult to meet; it will become more difficult to meet in the future, given the emerging scenario identified in the assessment.

43. Instead of being able to focus on its more critical benefits processing responsibilities, there are other crucial, increasing and competing demands that further add to the challenges facing Operations. Among the challenges are the requests to provide more numerous and more extensive replies to the oversight bodies and other constituents of the Fund. It should be recalled that the Fund is, and indeed should be, expected to reply to the Pension Board and/or its Standing Committee, the internal auditors, the Board of Auditors, the new Audit Committee of the Pension Board, other working groups and subcommittees of the Board, the Committee of Actuaries, the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee and the staff pension committees of the 23 member organizations, as well as to the Federation of Associations of Former International Civil Servants and its member retiree associations. These rather heavy reporting responsibilities are understandable given the size, the multiemployer nature, the multi-tiered plan design and the geographic dispersion of the Fund's participants, retirees and other constituents. However, while such oversight and other reporting responsibilities should be expected and are crucial in a multiemployer pension fund such as the United Nations Joint Staff Pension Fund, it must at the same time be recognized that such oversight can in fact result in unintended but additional risks, if

the Fund regularly assigns the related reporting tasks to its regular benefits processing staff in Operations. In other words, in addition to administering services to over 170,000 individuals, staff members in Operations are also often required to carry out extensive reviews in order to provide detailed, comprehensive and adequate data, statistics and explanations to any of the above-cited constituent bodies. In fact, since the Fund itself has recognized the need for more extensive performance reporting, there are additional and increasing demands on the staff in Operations. While clearly necessary, such reporting requirements often add risks when an organizational unit is not adequately staffed since the respective pool of staff members are then not fully in a position to focus on their primary benefit processing responsibilities. These increasing reporting requirements may, and do, have an impact on the timeliness of setting up initial benefits and on the quality of the services that the Fund provides to its clients.

44. The proposal for a new unit, which was developed on the basis of the overall assessment of Operations, is basically aimed at separating Operations' policy related functions (i.e. such as training requirements, documentation of processes, review of exceptional cases, reporting to the various oversight and other management bodies, etc.) from its regular benefits processing and client servicing duties. The separation of functions needs to be done carefully, however, giving special attention and priority to the most critical and core requirements of affiliating participants and accurately establishing new pension benefits, which in many cases will be payable over 30 years. In this connection, it must be stressed that Operations is responsible for determining and setting up for payment all benefits payable by the Fund. The annual amount of benefits that was initially established by Operations and is currently being paid out by the Fund is about 1.84 billion dollars.[c] The total annuity value of the additional periodic benefits and cash settlements calculated, verified and set up by Operations for payment each year can be estimated to represent nearly one billion dollars. The risks in this area are therefore obviously substantial.

45. Moreover, a structural move to separate these different functions is becoming more urgent, given the Fund's important and impending project to move to the Integrated Pension Administration System platform and the implicit and significant demand that this will no doubt place on the staff of Operations. The establishment of the new unit would also be in response to two recommendations contained in the whole office review, namely, (a) to help reduce the implementation risks of the Integrated Pension Administration System; and (b) to help staff the Integrated Pension Administration System team adequately.

46. Operations is currently at a critical point where: (a) its complexities continue to increase; (b) its workload is growing in volume; (c) its existing staff are aiming to comply with managed mobility policies; (d) its long-serving and experienced staff are retiring in greater numbers, in some instances to comply with a relatively low mandatory age of separation policy; (e) it is preparing to move its current systems to a new Integrated Pension Administration System platform; (f) it is finding it increasingly difficult to fill key Professional posts, as well as senior General Service posts that require unique, progressive and in-depth specialization not available outside the Fund; and (g) the learning curve for staff in Operations who are tasked

[c] These figures are based on data as at 31 December 2008.

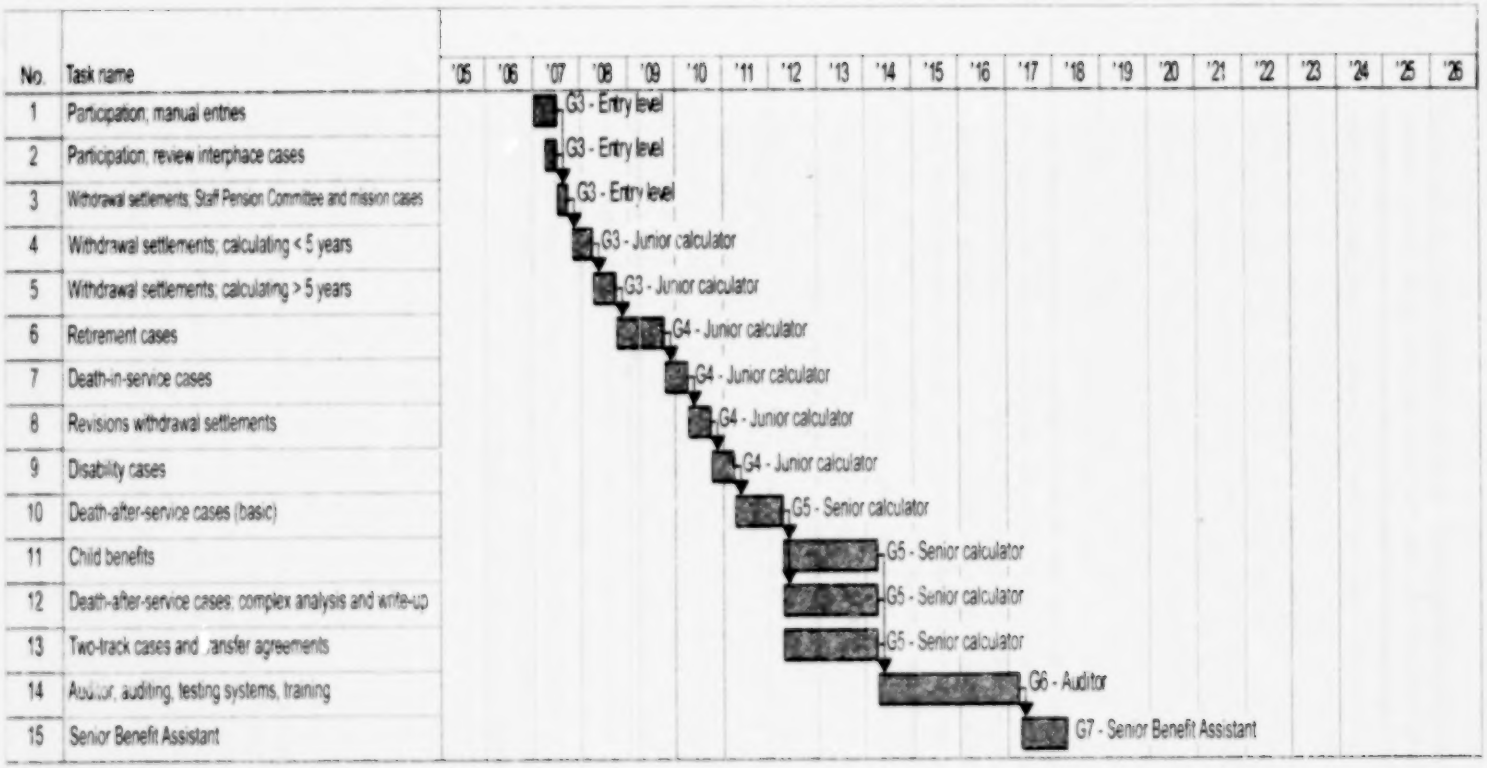
with benefit processing responsibilities has become excessively long.[d] At the same time, the newer incoming and younger staff members are looking for better career prospects, including more appropriate training and guidance that is in fact becoming less and less available. In sum, the Fund must find the means to manage itself in the best interests of those it serves.

47. Operations must therefore put in place a permanent framework that will address the increasingly higher, and still growing, levels of risk by providing for comprehensive, ongoing in-house training, better career prospects and long-term succession planning. As part of this framework, Operations must ensure that all required processes are well documented, widely communicated and consistent among the various work units and in both offices of the Fund (i.e., New York and Geneva). Given the growing complexity of the Fund, various audit reports have recognized the growing need for more comprehensive written operational procedures. It should be noted that the Fund is fully in agreement with the conclusions of the auditors; however, it lacks the necessary experienced staff to fully document its processes since such experienced staff are more urgently required to address the more pressing and growing benefit processing responsibilities. In other words, the important and most basic function that has been recognized by the auditors is often overlooked as a result of the more urgent and pressing need to process individual benefits first and foremost, and without delay.

48. In implementing a long-term and permanent framework to address these specific needs, the Fund must also consider ways and means to develop and enable a more progressive and responsive career path for its staff. This must be done so that such staff members, for whom the Fund has invested and will continue to invest substantial time and resources, are more inclined to serve with the Fund over the long term, thus providing the Fund with long-term efficiency as well as financial gains. This would also help provide Operations with a larger and more stable pool of extensive experience, which is fundamental and urgently required in order to enable the Fund to keep pace with its growing workloads, complexities and concomitant risks and responsibilities. As found in the assessment of Operations, this point is of the utmost importance, especially given the excessively long learning curve required for staff to become fully competent in all areas of benefits processing. The long time period to obtain such competency is reflected in figure XI.

[d] As revealed in the assessment carried out in respect of Operations and further reflected in figure XI, it takes up to 10 years for a new staff member in Operations to become fully proficient in all benefit processing responsibilities.

Figure XI


No.
Task name
'05
'06
'07
'08
'09
'10
'11
'12
'13
'14
'15
'16
'17
'18
'19
'20
'21
'22
'23
'24
'25
'26
1 Participation, manual entries
G3 - Entry level
2 Participation, review interphase cases
G3 - Entry level
3 Withdrawal settlements, Staff Pension Committee and mission cases
G3 - Entry level
4 Withdrawal settlements; calculating < 5 years
G3 - Junior calculator
5 Withdrawal settlements; calculating > 5 years
G3 - Junior calculator
6 Retirement cases
G4 - Junior calculator
7 Death-in-service cases
G4 - Junior calculator
8 Revisions withdrawal settlements
G4 - Junior calculator
9 Disability cases
G4 - Junior calculator
10 Death-after-service cases (basic)
G5 - Senior calculator
11 Child benefits
G5 - Senior calculator
12 Death-after-service cases, complex analysis and write-up
G5 - Senior calculator
13 Two-track cases and transfer agreements
G5 - Senior calculator
14 Auditor, auditing, testing systems, training
G6 - Auditor
15 Senior Benefit Assistant
G7 - Senior Benefit Assistant

49. Moreover and as envisaged, if the new team were to be staffed with the most senior and experienced individuals, the new structure could also provide a platform for a more controlled transfer of institutional memory from the older more experienced staff to the newer incoming staff, thus resulting in a minimal disruption in the discharge of Operations core functions. The need to maintain institutional memory, while not widely recognized in the past, is becoming more crucial and pressing especially given the extensive and specialized experience required of the staff in Operations and the ongoing and increasing loss of such key staff.

50. An overriding conclusion that emerged during the review and assessment of the challenges facing Operations was that the operational arm of the Fund must be managed in such a way as to attract, develop and retain the most qualified staff. Operations must therefore have in place a permanent platform that would ensure the ongoing, systematic and comprehensive development of such staff, while at the same time guaranteeing a fair and more responsive career path for staff who decide to dedicate the better part of their long-term careers to working at the Fund.

51. The budget proposals contained herein in respect of Operations would better enable the Fund secretariat to carry out its core functions of establishing, paying and administering pension benefits, not only for the current participants and retirees but for future generations. At the same time, such actions would ensure a better quality of service, which would be delivered in a more effective and efficient manner to the ever-growing and increasingly diverse population serviced by the Fund. The recommendation described above is for a strategic decision to separate the policy-related functions of Operations from its regular benefits processing and client servicing responsibilities through the establishment of a new operational review and development unit. This would enable the Fund to better manage increasing complexities while controlling risks, which as recognized in the whole office review, are important components of strategic leadership.

52. The new unit would provide for a clear separation between regular benefit processing functions and the more policy-related functions of the staff in Operations. The unit would be headed by the incumbent of a new P-4 post, who would be responsible for developing and leading the team. In addition, and given the most crucial role played by the Pension Entitlement Section, the chief of the Unit would also serve as Deputy to the Chief of the Pension Entitlement Section, thus providing the Section with a critically needed and capable staff member who would be fully trained, experienced and readily available to assume the role of Chief of the Section, whenever needed. The new unit would also be staffed with two posts at the G-7 level and two at the G-6 level. It would have two distinct components that would: (a) provide for permanent and ongoing training, documentation of processes and preparation of new administrative procedures, when required; and (b) provide for a full-time component to deal with the most critical and complex cases (such as the recent backlog of two-track cases and a growing number of other such cases). It would carry out special projects, operational reviews and provide for more responsive follow-ups, related actions and, when required, ensure implementation of all operational audit recommendations. Each component of the unit would require one post at the G-7 level and one at the G-6 level, both of which would work in tandem and in the same manner that has served the Fund so well in the past. In other words, the incumbents of the two G-6 level posts would calculate the most complex and critical cases and/or set up the processes and training exercises. The two incumbents of the respective G-7 posts would verify, confirm and sign off on all

such calculations and work processes. The new unit, also in direct response to a number of audit observations, would also provide for comprehensive ongoing and coordinated training between the Fund's two offices (New York and Geneva) and serve as a permanent force to address and/or implement audit recommendations and/or other special projects and reporting requirements. Although it would not process individual benefit processing cases on a regular basis, the new team would be synchronized to function fully in coordination with the benefit processing staff, with a view towards maintaining the precedence of benefit processing, above all.

53. In sum, the operational review and development unit would provide the Fund with the following:

(a) In-house, systematic, progressive and ongoing training for all staff responsible for benefit processing and client servicing needs;

(b) Systematic and integrated training for the Geneva Office in respect of all benefit processing through training aimed at ensuring better procedural consistency between the two offices. This would be accomplished through ongoing and regularly scheduled office visits by the special team that would be focused solely on training in the benefit processing and client servicing areas. The training should also be extended to the staff pension committee secretariats of the member organizations;

(c) A team made up of some of the Fund's most senior and experienced staff that would be able to assume responsibility for dealing with the most critical and/or complex cases (such as the recent backlog experienced in respect of the acute increase in two-track cases);

(d) A readily available team that could deal with most, if not all, of the special and most urgent projects that regularly arise in Operations;

(e) A fully experienced team that would not only draft replies to all audit recommendations related to Operations but would also log in and maintain status reports for each ensuing audit recommendation and, when required, be responsible for more responsive follow-up and/or implementation in respect of each audit recommendation;

(f) A team that would be adequately staffed and experienced so that in the intermediate term, and in full coordination with the Chief of the Pension Entitlement Section, it could provide full support for the transition from United Nations Joint Staff Pension Fund Administration System to the Integrated Pension Administration System, after implementation of which, it would be responsible for training staff on the Integrated Pension Administration System system. This capability would be in direct response to recommendations made during the whole office review since it would (i) help to reduce Integrated Pension Administration System implementation risks; and (ii) help staff the Integrated Pension Administration System team adequately;

(g) A team intended to attract senior, highly experienced and older staff generally from the three already established processing units in the Pension Entitlements Section and/or in the Client Services and Records Management and Distribution Unit thus establishing a more systematic structure for succession planning, and mitigating the impact that the retirement of senior operational staff with long experience in the Fund's benefits processing and client servicing responsibilities;

(h) A structure that would also enhance the career prospects for Fund staff who have earned invaluable experience after dedicating many years to processing pension benefits and who therefore do not have as many opportunities with the Organization as other staff who have had more generic responsibilities;

(i) A structure that would provide specialized and well-targeted training aimed at effectively shortening the current, excessively long learning curve for staff in the Pension Entitlements Section and the Client Services and Records Management and Distribution Unit;

(j) A team that would be both adequately qualified and in a better position to prepare and/or update detailed procedures and guidelines for all benefits processing functions. The pool of experience that would be maintained in such a team could also be channelled to develop more simplified benefits processing procedures and possible long-term efficiency gains;

(k) A team that would be responsible for proactively seeking and maintaining unique data required by Operations, such as the data for determining cost-of-living differential factors and respective special index adjustments;

(l) A team that would provide the Fund with insurance against the growing risks associated with growing workloads, increasing complexity and greater reporting responsibilities. In other words, the arrangement would provide for and ensure better quality of data input, which would ultimately be used in regular actuarial valuations, as well as in the asset-liability management process that has recently been incorporated into the framework of the Fund;

(m) A team that could address most, if not all, of the operational policy-related issues and therefore provide a "firewall" between the different functions and a better opportunity and platform to allow the three processing units in the Pension Entitlements Section and the client servicing staff in the Client Services and Records Management and Distribution Unit to better focus on benefits processing and servicing of clients, thus resulting in further reduced risks and a better quality of service to the participants, retirees and beneficiaries of the Fund;

(n) The special team would also, when urgently required, provide a pool of well-qualified and already trained staff to fill in and/or to lend extra support to the other processing and client servicing functions within Operations;

(o) The proposed arrangement would also provide for an overall expanded base of well-trained staff from which the Fund could draw when needing new staff for functions outside of Operations, which demand unique experience that could only be obtained through hands-on experience in Operations.

54. On the basis of the assessment carried out in respect of Operations, as summarized herein, and in order to adequately and strategically staff the new unit, the Fund would require one post at the P-4 level, two posts at the G-7 level and two posts at the G-6 level.

Pension Entitlements Section

Senior Benefits Officer (P-4)

55. The Senior Benefits Officer (P-4) would be tasked with developing, coordinating and leading the operational review and development unit in order to

provide the Fund with the highly specialized and often critical support reflected in the 15 points contained in paragraph 53 above. The Senior Benefits Officer would also be expected to assume the role of the Chief of the Pension Entitlement Section when required, thereby providing better overall backup for one of the most crucial functions in the Fund; at the same time the new post would also provide better opportunities for the Chief of the Pension Entitlement Section and, the Chief of Client Services and Records Management and Distribution Unit and/or for other operational staff to visit participants and beneficiaries in the field, as well as counterparts in the staff pension committees of the member organizations, in order to conduct, for example, seminars, workshops and training activities. Regular and systematic interaction among the various constituents and partners of the Fund is becoming more important, given the increasing turnover in staff outside the Fund. The nature of the Fund's work and its obvious complexities require greater operational interaction and liaison than in most areas of the Organization. The Senior Benefits Officer would also assist in dealing with overall operational management and control issues and, on an intermediate basis, provide substantive support in the transition and implementation of the Fund's important and proposed Integrated Pension Administration System project.

Senior Benefits Assistants (2 General Service (Principal level))

56. The incumbents of the two General Service (Principal level) posts in the Operational Review and Development Unit would be required, when necessary, to carry out any of the functions normally assigned to the regular Senior Benefits Assistant (G-7) posts in the Pension Entitlement Section. It is envisaged, however, that the two new posts would form a significant part of the new unit and would carry out, almost exclusively, the policy-related tasks required to provide the Fund with the support reflected in the 15 points contained in paragraph 53 above. Such functions are currently performed on an ad hoc basis, and only when possible, by the benefits processing staff from the Pension Entitlement Section. As indicated earlier, however, such staff members are necessarily more focused on setting up long-term annuities due to such participants upon their retirement from the 23 member organizations of the Fund. This requirement is considered of utmost importance, given the need to maintain a constant stream of income for participants who move from active employment to a retired status, in particular for those who have been living from pay cheque to pay cheque. As a result, important and most necessary functions often are overlooked or not adequately carried out. The additional capacity would help address the growing workloads in Operations, which have resulted from an increase in the overall population of individuals serviced by the Fund. In addition, the establishment of the two new posts would also help to ensure that Operations could continue to improve its benchmarks and its client services by increasing its capacity to process separation cases in a more timely and expedient manner. One incumbent would focus on training needs and the documentation of processes. The other incumbent would focus on the most critical and complex cases and provide support for more responsive actions in respect of audit observations and/or recommendations. Both incumbents would also review and verify all related work carried out by the respective General Service (G-6) staff member assigned to the unit.

Benefits Assistants (2 General Service (Other level))

57. The incumbents of the two General Service (Other level) posts in the Operational Review and Development Unit would be required, when necessary, to carry out any of the functions normally assigned to the Benefits Assistant (G-6) posts in the Pension Entitlement Section. In the same context as the posts requested in paragraph 53 above, the incumbents of the two posts would be an important part of the team tasked with carrying out, almost exclusively, the policy-related tasks required to provide the Fund with the support reflected in the 15 points set out in paragraph 53 above. The responsibilities of the incumbents would include setting up processes and training exercises, carrying out the initial calculations in respect of the most critical and urgent cases and providing the initial support in preparing responses to audit observations and/or recommendations. The work of the incumbents would be fully and carefully reviewed, confirmed, and when required, delivered by the respective incumbents of the G-7 level posts.

Client Services and Records Management and Distribution Unit

58. In addition to the critical need for a new unit to carry out the tasks described above, the Fund must also continue to give serious consideration to enhancing its client servicing capacity. In this connection, the new Operational Review and Development Unit described above would enable Operations to focus more intently on increasing its client servicing capacity as well. In other words, the new unit would also provide support to, as well as more intensive training for, the client servicing staff. As part of the new structure proposed within Operations and as suggested in the whole office review, the Chief of the Client Services and Records Management and Distribution Unit should begin reporting directly to the Chief of Operations. In this connection, it must be recognized that the workloads in the Client Services Unit will certainly accelerate as the Fund continues to mature. This is to say, that as more and more active participants begin to retire, and those who retire continue to live longer, there will be an increasing need for client services. Moreover, the aging of Fund retirees will call for greater care and attention to be given to the specific needs that only a state-of-the-art Client Services Unit would be able to provide given the numbers involved. It is incumbent upon the Fund to be prepared for what is certain to occur. The Fund budget proposals in respect of Operations have been developed with this fully in mind. More specifically, it is expected that as efficiency gains are realized through a fully functional Integrated Pension Administration System system, the Fund would be in position to begin shifting some of its already well-trained staff from their benefit processing roles to new client servicing roles.

59. Under the current circumstances, it is already becoming increasingly challenging for the Client Services and Records Management and Distribution Unit to keep pace with the cascade of not only more numerous but also better informed and thus more complex inquiries. The Unit is responsible for providing detailed information and other services on demand to all the individuals the Fund services worldwide. There are exceptional risks involved in the amount of incoming contributions, the value of the benefits set up each year and expected to be paid out as long-term annuities and the related and increasingly detailed information, including the more complex calculations, estimations and explanations that must be provided to the over 170,000 participants and beneficiaries serviced by the Fund.

60. Moreover, today, with access to the website individuals serviced by the Fund can reach the Client Services Unit to make an inquiry and, in some cases, begin a dialogue. The provisions of the Fund's plan must also respond to the over 170,000 individuals working and residing in some 190 countries. Such provisions must therefore be applied in respect of all the related currencies, which may not always be considered consistent with officially published inflation rates, while also taking into account the many unique and continuously evolving tax laws, all of which are associated with different national economies operating at various stages in their economic cycles.

61. The Client Services and Records Management and Distribution Unit must therefore be fully equipped and capable of responding to the increasingly complex and regularly evolving issues. It must, at the same time, keep pace with the exceptional growth the Fund has experienced and continues to experience in the overall population it services, including the unprecedented growth over the past 10 years. This growth includes the increasing number of participants covered by the Fund, as well as the expanded and more complex provisions aimed at providing a wider scope of benefits. The increase in volume and responsibilities is also the result of the effects of improved mortality rates and the increasing longevity of Fund retirees and beneficiaries. The notable increase in the overall population of the Fund, in turn, results in greater demands for information and services. In fact, coupled with these significant developments, are the growing improvements in communications technology, which put greater demands on Operations to respond more extensively, more frequently and more rapidly to the incoming requests from the more than 170,000 individuals it services. This population, which continues to grow in numbers, are increasingly better informed as a result of new technologies and therefore more demanding, specifically on the resources of the Client Services and Records Management and Distribution Unit. In addition, given the increasing complexity of the Fund, the population being serviced demands, and indeed is entitled to, more extensive personal information, which often requires lengthy and more detailed explanations. The focus and full energies in Operations over the past decade have been to merely keep pace with its rapidly expanding, as well as increasingly complex, benefits processing responsibilities and the increasing demands for more extensive and up-to-date information. In these budget proposals, Operations aims to take a more strategic approach in order to remain in a position where it is capable of providing the necessary services required in an entity as vast and far reaching as the Fund.

62. Given the unprecedented growth in volume, complexity and related responsibilities, the Fund has determined that the Client Services and Records Management and Distribution Unit requires a new post at the P-3 for the Records Management and Distribution work unit so that the overall Unit can better manage its increasing workloads. This should help enable the Unit to adequately respond to the growing number and aging of individuals serviced by the Fund. The incumbent of the new P-3 post would supervise the Records Management and Distribution work unit, which is also dealing with significant volume and increasing complexity. The staff tasked with such responsibilities needs to fully understand the Fund's extensive workflow systems and the intricate breakdown of responsibilities within the Fund in order to better manage and control the distribution of all incoming work.

63. The addition of a new P-3 post to manage the Records Management and Distribution work unit would complete the essential process of separating the Client

Services and Records Management and Distribution Unit into two separate components: one would be for purely client servicing needs and the other to deal with the record management and workload distribution functions, which are not only growing significantly in volume but in complexity as well, given the growing need to fully understand all the many and various workflows of the Fund.

64. On the basis of the assessment summarized above, and in order to adequately staff the Client Services and Records Management and Distribution Unit, the Fund requires one new P-3 post.

Information Management Officer (P-3)

65. The Client Services and Records Management and Distribution Unit requires a Records and Information Management Officer at the P-3 level who would supervise the Records Management and Distribution work unit, which currently consists of eight General Service staff. This would allow the existing Benefits Officer (P-3) in the Client Services and Records Management and Distribution Unit to focus more exclusively on client servicing needs rather than on both client servicing needs and records management and distribution issues. In turn, the Fund would be better able to provide more responsive and efficient services to its growing and aging clientele. This would enable the Chief of the Unit to focus attention on more strategic issues, such as reviewing existing work processes and ensuring that all processes and client servicing procedures are documented and that adequate controls are in place. In sum, the post would enable the Fund to provide better and more responsive services to its growing clientele. The need becomes even more critical as the average age of the retirees and beneficiaries of the Fund begins to increase, and they require and expect better and more comprehensive services.

66. The proposed new organizational structure for Operations, reflecting the proposals for new posts (including Integrated Pension Administration System-related posts) is provided in annex XII.

Integrated Pension Administration System project: temporary posts

Project Coordinators (participation, entitlements) (2 P-4)

Project Administrator (two-track) (P-4)

Benefits Officers (2 P-3)

Project Assistant Client Services and Records Management and Distribution Unit (General Service (Other level))

67. A key objective in the third management charter is to replace the Fund's legacy systems with the Integrated Pension Administration System. Over the biennium 2010-2011, the United Nations Joint Staff Pension Fund secretariat will be embarking on various initiatives aimed at the successful implementation of an Integrated Pension Administration System. It is expected that the Integrated Pension Administration System development and implementation phases will have a major impact on the business functions and the underlying information and communications technology infrastructure of the Fund.

68. The Fund will be required to carry out a number of Integrated Pension Administration System pre-implementation, transitional and other activities to support future changes that will increase efficiency, reduce risk and enhance the

overall services provided to the Fund participants and beneficiaries, as well as to the 23 member organizations that rely on the Fund for consistent and efficient service. Temporary project personnel will be required to fulfil such activities. The proposed staff would help ensure that all processes, procedures and systems are sound, documented, adapted to the new Integrated Pension Administration System platform and fully tested.

69. The initial assessment of the Fund, as submitted to the Board in 2008, concluded that the Integrated Pension Administration System project would require a phased approach that would take several years to complete, especially since it entails significant operational and information technology requirements and subsequent redesigns. The Fund identified important pre-implementation and other activities that would require maintaining a sufficient level of project personnel in Operations in order to carry out such specific activities in coordination with the Fund's Information Management Systems Services. The Fund is also proposing the establishment of a new unit that would serve as a conduit, in the intermediate term, between highly-experienced staff and the project personnel required to bring the Integrated Pension Administration System to fruition. The importance of the approach was also recognized in the whole office review. There is a fundamental need to produce and update procedural documentation to provide a more comprehensive blueprint that would underpin the process maps delineated in the current state assessment stage of the project introduced in 2008. There is an equally important and basic need to prepare and update the benefit calculation algorithms in order to formally set out the complex and very detailed process involved in establishing and adjusting pension benefits under the Regulations of the Fund and the Pension Adjustment System of the Fund. The Fund will require highly experienced staff to introduce the necessary processes and formulas involved in determining the benefits payable by the Fund and equally experienced staff to carry out the important and intricate testing of such processes. The Integrated Pension Administration System project will also require a strong core of experts in the field of pension administration systems. At the same time, and during the pre-implementation and transitional phases of the Integrated Pension Administration System, the Fund must ensure that its important regular benefit processing responsibilities and requirements continue to be met.

Integrated Pension Administration System project: general temporary assistance

Proposed Category/Level	*Proposed Title*
P-4	Project Coordinator (Participation)
P-4	Project Coordinator (Entitlements)
P-4	Project Administrator (Two-track)
P-3	Benefits Officer
P-3	Benefits Officer
General Service (Other Level)	Project Assistant
Total	**6**

Financial and accounting services

Chief Finance Officer (D-1)

70. The Audit Committee of the Pension Board has had occasion to comment upon the structure of responsibilities and functions involved in the preparation of the financial statements of the Fund. In particular, it has questioned the wisdom of not having an individual specifically mandated structure that would have overall responsibility for the preparation of the Fund's financial statements. The current structure could potentially fail to ensure a comprehensive, consistent approach regarding the preparation and disclosure of information within the financial statements of the Fund.

71. Responsibilities are currently divided between the Chief of the Financial Services Section (for participant contribution income and benefit entitlement expenditure), the Chief of Operations of the Investment Management Service (for all investment-related activities) and the Executive Officer of the Fund (for administrative expenses). The financial statements are produced by the Accounts Unit of the Financial Services Section of the Fund. The different sections and units use different sources and systems for the accounting data they provide: the United Nations Joint Staff Pension Fund Administration System mainframe system and Lawson Accounting System for Financial Services Section, the global custodian records for the Investment Management System and the Integrated Management Information System for almost all administrative expenses (the exception being for operation bank charges for benefit payments, which are paid directly to the bank and recorded separately initially and then incorporated as part of administrative expenses as an accounting adjustment). The Lawson accounting system is used as the final depository for the financial accounting records interfaced from the underlying systems, and the published statements are produced from the system.

72. The current segmented approach results in a situation where responsibilities are shared but the accounting is in effect processed in parallel and the resultant output "stapled" together for presentation to the Pension Board and audit bodies. The Audit Committee has commented that a Chief Finance Officer function should be considered in order to ensure a uniformity of approach and to ensure that responsibility for the production of the Fund's financial statements is clearly attributed.

73. The initial main functions for an incoming chief finance officer of the Fund would be to integrate all sources of financial data regardless of the platform used, ensure their integrity, and establish a comprehensive financial reporting process that encompasses all the reporting sections. For this reason, it is being proposed that a new Chief Finance Officer post at the D-1 level be created to head the finance function that currently reports directly to the Chief Executive Officer. This reflects the increase in the complexity and volume of the Fund's operations as well as the weight given to the importance of ensuring a proper and comprehensive financial function, including the overall control and responsibility for Fund accounting activities.

74. The Chief Finance Officer would not only report directly to the Chief Executive Officer of the Fund but, in order to reflect the broader responsibilities attached to the function, would need to have a dotted-line relationship to the

Director of the Investment Management Service and the Representative of the Secretary-General for investments.

75. Such a structure would facilitate the work of the incumbent who would seek to implement the changeover from the United Nations System Accounting Standards to the hybrid solution proposed for the Fund, namely International Accounting Standards 26 and International Public Sector Accounting Standards. In that regard, it would be likely that the incumbent would need to oversee the implementation of a number of modified accounting processes stemming from the changes arising in accounting policy, namely, a move to a fair-value basis for market investments, the disclosure of long-term liabilities and the changes to accounting practices with regard to administrative expenses including the after-service health insurance.

76. In addition, there would be a need to make a substantial effort with regard to the financial components that would be relevant to the introduction of the Integrated Pension Administration System. This would include the potential change in the basis of how the Fund records the contribution income due from its member organizations.

77. In order for full integration to take place, the Chief Finance Officer would be given authority over the accounting records produced for the different areas involved. It is emphasized, however, that this would be without intruding upon the operational autonomy of the responsible parties for operational matters in those areas. Thus, the Executive Office certifying authority would not be jeopardized and the authority of the Investment Management Service over investment decisions would remain intact.

78. In order to achieve this, the Chief Finance Officer would need to be provided with full (read-only) access to the source systems used by both the Executive Office and the Investment Management Service, as well as to any other information relevant to ensuring the integrity of the data. A summary review of the system structure involved (before the implementation of the Integrated Pension Administration System) is given below:

Office	*System*
Executive Office	Integrated Management Information System accounting system
Executive Office	Lotus Notes procurement and inventory
Executive Office	ProcurePlus United Nations inventory system
Integrated Management Information System	Northern Trust Passport system
Integrated Management Information System	Master record-keeper
Integrated Management Information System	Global custodian
Financial Services Section	Lawson
Financial Services Section	United Nations Joint Staff Pension Fund Administration System
Financial Services Section	J. P. Morgan Chase proprietary systems

79. The proposed structure for financial services is for three units, as it is currently set-up: the Cashier Unit, Payments Unit and Accounts Section would be headed by a Chief of Section at the P-5 level (transferring for this purpose the legacy post of the

P-5 Chief of Financial Services Section post). The Business Analyst within the Financial Services Section would report directly to the Chief Finance Officer. The new approach would also require the establishment of additional data integrity routines to ensure, in collaboration with staff from the relevant areas, adequate control and audit of the various sources of data. For example:

- Administrative expenditure (monthly)
- Inventory (semi-annually)
- ProcurePlus (annually)
- Northern Trust Passport System (monthly)

80. The additional control would be for financial reporting purposes only and would not be intended to replace the day-to-day operational/fraud control exerted by the relevant officers in the different areas. The additional controls would be completed in collaboration with the reporting areas to help ensure full understanding of the relevant records and would need to be supported by some form of formal certification for audit purposes.

Proposed job profile

81. The Chief Financial Officer would report to the Chief Executive Officer of the Fund, but would also have a dotted line relationship to the Director of the Investment Management Service and the Representative of the Secretary-General for investments. As such, the incumbent would be part of the senior management team of the Fund and would be expected to provide expert guidance on all financial accounting, payment, treasury and payroll issues in accordance with the highest professional standards. The role would be wide-ranging and would require specialist knowledge of a number of different areas with regard to pensions benefit payroll, payments, treasury and financial record keeping and the reporting requirements of a defined benefit pension scheme with a substantial investment portfolio. An outline of the associated responsibilities include to:

- Supervise the Financial Services Section on a daily basis, including the mentoring of staff
- Coordinate work efforts with unit and section chiefs of the Financial Services Section and other areas of the Fund secretariat of the Investment Management Service
- Provide leadership towards improving the pension benefits payroll, treasury, payments, and financial reporting across the full spectrum of Fund activities
- Draft the Financial Services Section workplan for the biennium
- Review the draft of the Financial Services Section workplan for the biennium
- Obtain concurrence from the Chief Executive Officer on the Financial Services Section workplan for the time frame and budget
- Finalize input for the biennium workplan
- Undertake special reviews of operational objectives and related financial policies and procedures affecting the Fund's accounting and financial systems
- Take the lead in designing and implementing required changes

- Review analysis for process improvements and special projects
- Set goals and performance objectives for the Financial Services Section, integrating the work efforts across the Service, the Executive Office and the Investment Management Service
- Evaluate the efficiency, performance and enhancements of relevant systems
- Prepare monthly performance reports
- Prepare monthly performance reports, summary reports and review these with the Chief Executive Officer
- Submit final monthly performance reports to Chief Executive Officer, with explanatory notes and comments
- Participate in audits of the financial accounting records and respond to audit observations
- Provide advice, financial interpretations, adaptations and corrective actions in response to internal audits and other queries to ensure adherence to the financial regulations and rules of the Fund, the staff rules, administrative instructions and Secretary-General bulletins
- Provide advice, financial interpretations, adaptations and corrective actions in response to external audits and other queries to ensure adherence to the Regulations and Rules of the Fund, Staff Rules of the United Nations, administrative instructions and Secretary-General bulletins

Senior Assistant, Cashier Unit (General Service (Other level))

82. The Cashier Unit undertakes treasury related functions, implementing the major operational tasks deriving from the Fund's banking contracts for payment processing. In addition to generating routine reports for funding, currency trading, payment investigations and facilitating accounts reconciliation, high-level reporting is requested by the senior management of the Fund and the internal and external auditors. Current resources are inadequate to generate non-routine reports. Given the volume of payments processed, the level of service provided by the Cashier Unit is limited in comparison to the targeted level of excellence. To this end, additional General Service staff at a principal level is requested to ensure adequate services.

83. To achieve a benchmark of 14 days to resolve complaints by beneficiaries about non-receipt of monthly pensions, greater capacity is required to allow for a more structured organization. Complaints are currently handled in a reactive manner when they come in, and there is little overview of the outgoing responses. To ensure adequate internal control, all non-receipt responses should be handled by one staff member in the first instance and reviewed by a senior staff member for accuracy. Because of current resource constraints, professional staff members are required to devote time to review day-to-day cases. The responsibility to review outgoing responses to beneficiaries needs to be made an official duty, attached to a General Service (Principal level) post, thereby freeing scarce professional resources to supervise operations and the investigation side of the Cashier Unit.

84. As the volume and scope of Fund transactions increase, senior staff should be given such tasks as reviewing and analysing bank reports, current banking trends, and changes in bank liaisons in order to minimize the impact of changes and

developments on payroll and non-repetitive payments. This is currently being done on an ad hoc basis, but it should be made an official duty. It would be the responsibility of a new General Service staff member at a principal level to look into and remain abreast of such developments.

85. The Cashier Unit is also to be tasked with taking over the formatting of instructions for non-repetitive payments. Analysis of payments, including payments not processed on a straight-through basis, non-receipt of monthly pensions, unable-to-apply situations, cancelled payments and returned payments, shows that a major portion of unsuccessful transfers are due to inaccurate instructions supplied by the Fund. Since the Cashier Unit is the Fund's direct liaison with its bankers, it would be the responsibility of senior staff to analyse a beneficiary's instruction against current banking requirements and the Fund's own technical formatting requirements. Once again, the Cashier Unit is currently doing this on an ad hoc basis, but it needs to be made an official duty. Expertise in banking requirements and payments procedures is a requirement. This would be a responsibility attached to the General Service (G-7) post. It is noted that the Fund understands that there is a precedent, namely, that such an approach has already been set by the United Nations Treasury. By having the Cashier Unit take over the formatting of payment instructions, the Fund should achieve a higher straight-through processing rate, meaning fewer delays and complications in the receipt of benefits. A higher straight-through processing rate would also mean potential savings for the Fund by reducing the fees incurred on bank services for repairs of incomplete instructions and for returned payments. In addition, staff time in other units currently spent on processing payment instruction formats would be greatly reduced and freed up for other projects.

Integrated Pension Administration System project: temporary posts

86. To successfully implement the Integrated Pension Administration System project, the Fund has identified the following positions will be required in the Financial Services area, allowing for one professional and one senior-level assistant per unit.

Project Coordinators (payments, Pension Adjustment System, accounting) (3 P-4)

Project Assistant (Treasury and Cashier, interfaces, reconciliation) (3 General Service (Other level))

87. For the preparation, development, testing and implementation period of 2010 through 2012, the additional temporary resources will be required to document current procedures that form the baseline of the present and future needs of the Fund and enhancements that will result in a streamlined process-driven system that will provide Fund participants and beneficiaries with self-service Web access, and member organizations with fully integrated two-way secure data exchange. The detailed requirements will be an integral part of the request for proposal document. During the request for proposal process scripts will be developed to be used during the programming and user acceptance testing phases.

88. During the biennium 2010-2011, the proposed Integrated Pension Administration System project would include procurement-related activities, contracts for software and systems integrator services, pre-implementation

activities, documentation and optimization of processes, data cleansing and preparation and partial system implementation.

Geneva office

Accountant, Financial Services Section (P-3)

89. The current Finance Section was part of the former Finance and Information Systems Section, which comprised the Client Services/Record Management Unit, Finance Unit and Information Technology Unit. Each group has now become a Unit or a Section. The Finance Unit now reports directly to the Chief of the Geneva office.

90. The Finance Unit is responsible for carrying out tasks across a range of payments, cashier functions and, to a lesser extent, accounts functions. Although not seeking to emulate the full range of functions performed in New York in the immediate term, the Unit should increase its capacity to ensure that it has the potential to be ready for business continuity purposes. With only one professional in the Section (a P-3 Finance Officer), there is in fact no direct line of supervision to serve as officer-in-charge when the Finance Officer is away.

91. Owing to resource constraints, the Finance Officer acts both as auditor and releaser for all transactions. For Lawson Accounting System payments, the three-tier approval (data entry, audit and release) followed in New York cannot be adopted since audit and release functions are completed by the same person. Since all actions have to be released and validated by one professional, all payroll activities requiring three-tier approval cannot be currently performed by the Geneva Finance team. This means that deletions, suspensions and reinstatements are not completed, limiting the ability to provide a full range of services from Geneva. In practice, this means that when an investigation by the Financial Services Section leads to a finding regarding a suspended payment that could be reinstated, no corrective action can be carried out even when clearly justified. As this is a structural control to ensure adequate separation of functions within existing resource levels, additional resources would allow more efficient services to beneficiaries.

92. Additional resources in the Finance Unit could also build business processing capacity in Geneva and effectively allow continued payment of benefits in a disaster scenario.

93. By providing additional professional and General Service resources, the current restraint on processing could be removed and overall capacity increased. This would provide an opportunity to benefit from an office replicating more of the Fund's principal client servicing operations. In the longer term, the establishment of three professionals and six General Service staff should be envisaged. However, for the purposes of the biennium 2010-2011 it is deemed sufficient to add one professional at the P-3 level.

94. The financial resources requested are shown in table 6.

Table 6
Financial resources requested
(Thousands of United States dollars)

Category	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2010-2011 estimate
Posts	23 547.2	1 268.2	5.4	24 815.4	2 118.5	8 978.0	17 955.9	26 933.9
Temporary posts (IPAS)	—	1 761.0	100.0	1 761.0	211.2	—	1 972.2	1 972.2
Other staff costs	2 708.3	(1 061.3)	(39.2)	1 647.0	—	549.0	1 098.0	1 647.0
Consultants	—	200.0	100.0	200.0	—	—	200.0	200.0
Contractual services	—	500.0	100.0	500.0	—	—	500.0	500.0
General operating expenses	2 157.4	(2 003.7)	(92.9)	153.7	—	—	153.7	153.7
Total	**28 412.9**	**664.2**	**2.3**	**29 077.1**	**2 329.7**	**9 527.0**	**21 879.8**	**31 406.8**

	Cost estimate	Variance	
Posts	$24,815.4	$1,268.2	5.4%

95. The estimate of $24,815,400 provides for 121 continuing posts and the proposed nine new posts. The variance is due to the increase in the number of posts. It should be noted that one General Service (Other level) post for the after-service health insurance programme is funded from extrabudgetary resources by participating member organizations.

	Cost estimate	Variance	
Temporary posts Integrated Pension Administration System	$1,761.0	$1,761.0	100.0%

96. A provision of $1,761,000 is made for 12 Integrated Pension Administration System project temporary posts (6 P-4, 2 P-3, 4 General Service (Other level)). The variance is due to the increased number of new posts.

	Cost estimate	Variance	
Other staff costs	$1,647.0	($1,061.3)	39.2%

97. A provision of $1,647,000 is made for general temporary assistance (equivalent of 24 months for 1 P-4, 1 P-3, 6 General Service (Other level)) to cover the temporary needs in Operations, Financial Services Section and the Geneva office, including during staff absences for assistance during peak periods as described in detail below.

General temporary assistance

Operations

Non-Integrated Pension Administration System-related general temporary assistance (4 General Service (Other level))

98. Non-Integrated Pension Administration System general temporary assistance requirements cover areas like the documentation of procedures, the development of training tools, the analysis of issues and the development of controls in risk areas. Over the past 10 years, there has been a steady and consistent growth (averaging over 5.0 per cent per annum) in the number of active participants, retirees and other beneficiaries. The trend is anticipated to continue mainly owing to the surge in peacekeeping operations worldwide and to active participants beginning to join the ranks of retirees/beneficiaries. As recognized in the Fund's third management charter, Operations has an obligation to keep pace with the increasing demands of its growing clientele. The quality management standards aim to ensure that all benefits are processed within 15 working days of the receipt of the required documentation and that replies to client inquiries are given within the same time frame. Temporary personnel will enable Operations to supplement its current staffing level, when required, to maintain acceptable processing levels, achieve improvements, deal with residual backlogs and to aim to reach improved levels of service in comparison to the Fund's established benchmarks. In this regard, the following specific recruitments under the temporary assistance budget would be required: (a) three General Service (Other level) staff for the Pension Entitlement Section to increase the staffing level of the units on certain occasions in order to meet the increasing workload, most of which is seasonal and well-anticipated; and (b) one General Service (Other level) staff for the Records Management and Distribution work unit for the labour-intensive annual certificate of entitlement process and to perform specific functions related to the process, such as assisting in the certificate of entitlement mailing exercise and performing certificate of entitlement signature verifications. A summary of the temporary positions required is set out below:

Non-Integrated Pension Administration System-related general temporary assistance

Proposed category/level	*Proposed work unit*
General Service (Other level)	Pension Entitlement Section
General Service (Other level)	Pension Entitlement Section
General Service (Other level)	Pension Entitlement Section
General Service (Other level)	Client Services, Records Management and Distribution Unit
Total	**4**

Financial Services Section

99. The Fund secretariat will implement the Integrated Pension Administration System project and a number of non-Integrated Pension Administration System-related projects that will require substantial input from the business side of the Fund (Operations and the Financial Services Section). In order to be able to release

experienced staff to participate in the projects to provide expertise and guidance, they will need to be replaced in their day-to-day duties to ensure that the Fund continues to pay beneficiaries and continue with the core activities. The temporary positions required for timely and efficient implementation of the projects are provided in the table below.

Non-Integrated Pension Administration System project: general temporary assistance

Project Coordinator (P-3)

100. General temporary assistance for non-Integrated Pension Administration System-related work relates to a Project Coordinator at the P-3 level who will work closely with the Financial Analyst and will be tasked with the management and coordination of ongoing non-Integrated Pension Administration System-related projects, the Lawson Accounting System daily maintenance and enhancement projects and the year-end and pre-enhancements. The incumbent will work with the Cashier Unit, Payments Unit, Accounts Receivable Unit and Contributions Unit in order for the Units to handle steep increases in work volume.

Project Assistant (General Service (Other level))

101. In addition, a temporary position for a Project Assistant at the General Service (Other level) is requested to support both the Financial Analyst and the Project Coordinator. The incumbent will provide project support in helping to document project initiatives, plan the design of the project and complete user acceptance tests under the guidance of the coordinator and financial analyst.

102. It is required that these posts are maintained as temporary assistance for the duration of the Integrated Pension Administration System project. Following the implementation of the Integrated Pension Administration System, it will be determined if the volume of work is offset by efficiency gains as a result of the Integrated Pension Administration System or if any or all posts will be required in the future.

Geneva office

103. Provision of $580,400 is made for general temporary assistance (equivalent of 1 P-4 and 1 General Service (Other level)) to provide backup during periods of sick leave and maternity and paternity leaves, with estimated total service requirements of 24 months.

	Cost estimate	*Variance*	
Consultants	$200.0	$200.0	100.0%

104. In addition, consultancy expertise will be required for the International Financial Reporting Standards/International Public Sector Accounting Standards accounting project ($200,000) for the hiring of experts who will guide and assist the Fund in the planning for the transition towards development and implementation of the new accounting policy. These specialists will also provide the independent resources and technical expertise to assure that the Fund has the capacity to make a successful transition to the new accounting standards. The consultants would also

provide input to the overall implementation plan and assure that the Fund's financial statements are prepared in full accordance with all applicable technical standards and pronouncements.

	Cost estimate	*Variance*	
Contractual services	$500.0	$500.0	100.0%

105. A provision of $500,000 is related to the implementation of the Integrated Pension Administration System project and is made for actuarial services to assist in ensuring the accuracy of the calculations, the preparation of the "test bases" and other technical matters.

	Cost estimate	*Variance*	
Operating expenses	$153.7	($2,003.7)	(92.9%)

106. A provision of $153,700 is made for bank charges.

C. Programme of support

1. Information Management Systems Service

Table 7
Human resources requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Professional and above								
D-1	1	1	—	—	—	—	1	1
P-5	2	2	—	1	—	—	2	3
P-4	6	7	—	2	—	—	6	9
P-3	10	11	—	2	—	—	10	13
Subtotal	**19**	**21**	**—**	**5**	**—**	**—**	**19**	**26**
General Service								
Principal level	1	1	—	—	—	—	1	1
Other level	6	7	—	1	—	—	6	7
Subtotal	**7**	**7**	—	1	**—**	**—**	**7**	**8**
Total	**26**	**28**	**—**	**6**	**—**	**—**	**26**	**34**

Justification of new, established and temporary posts for the Integrated Pension Administration System

Information Systems Officer — Production Control and Quality Assurance (P-4)

107. The Board of Auditors conducted a risk audit of the IT environment of the Pension Fund in 2009. In its preliminary findings, the Board found that an inadequate segregation of duties existed and labelled this as a high-risk area and

recommended that an independent quality assurance function be established. Risks resulting from inadequate segregation of duties were also identified by OIOS during the audit of PENSYS and the document imaging system (assignment #AT2008/800/01). The incumbent of the recommended post would manage a quality assurance function and introduce compensating controls to create the desired segregation of duties within the Information Management Systems Service (IMSS). IMSS will standardize its processes, procedures and practices in line with industry standards (for example, ITIL, COBIT, ISO 17799) for segregation of duties. He or she will be responsible for establishing a policy on segregation of duties for information systems based on the standards of the Information Systems Audit and Control Association and the Information Technology Assurance Framework. The incumbent will be responsible for developing, implementing and maintaining a standardized, organization-wide, quality driven programme in accordance with best practices and external regulatory and accreditation requirements. He or she will also be responsible for reviewing all systems before they are released to production from the test environment, maintaining high standards of reliability while reviewing areas of risk, investigating issues and performing report analysis, leading to appropriate actions to correct violations. The post description has been developed with the assistance of an external consultant who also held a workshop on quality assurance and segregation of duties.

Information Security Analyst (P-3)

108. This incumbent of the position will provide adequate segregation of duties for the definition, implementation, monitoring and enforcement of security-related controls as identified and recommended by OIOS in the Data Security Audit of the Pension Fund secretariat and Investment Management Service (assignment #AT2007/800/01). It further strengthens the recommendation made by the whole office review to move the role of Security Officer to a staff function and increase its importance given the sensitivity of financial and personal information handled by the Pension Fund. The security function is currently performed by a single Security Officer at the P-4 level. As a result of the consolidation of the IT infrastructures of the Investment Management Service with IMSS, security oversight has reached an elevated level of importance. Financial compliance with the standards for security and internal control requires a dedicated resource to assist the IT Security Officer. The Security Analyst post will be responsible for monitoring compliance by the Pension Fund with its established security policy and defined security standards and will report incidents to the Security Officer as they arise. He or she will assist the Security Officer in ensuring that controls are in place and will report on infrastructure risk and vulnerability as they relate to compliance for all system services. The incumbent will also be responsible for ensuring that all technology deployments for the consolidated service meet strict security standards before release.

Integrated Pension Administration System project temporary posts

Proposed category/level	*Proposed title*
P-5	Project Manager
P-4	Manager — Client Services and Benefits Entitlements

Proposed category/level	*Proposed title*
P-4	Procurement Officer in the Procurement Division dedicated to the Integrated Pension Administration System project
P-3	Systems Analyst (pension payments)
P-3	UNIX Administrator
General Service (Other level)	Computer Administrator (network support)
Total	**6**

Project Manager — Integrated Pension Administration System project (P-5)

109. The Integrated Pension Administration System project will be coordinated by a management team consisting of a Project Manager experienced in undertaking similar pension-oriented system and enterprise projects. The incumbent of the Project Manager post will be responsible for the detailed planning and execution of the project in collaboration with other team members from various functional areas, including operations, finance, human resources and senior management. The Project Manager will be directly responsible for project planning, scheduling, resource management, change management, process management, administration management and technology management. The incumbent will also be responsible for coordinating the work of the Systems Integrator(s), who will align their tasks with the contracted statement of work following the guidelines of the Fund's system development methodology and project management framework. The incumbent should be familiar with implementing a complex programme of change and be able to address the multitude of complex concurrent project tasks and milestones in a timely, cost-conscious and professional manner.

Manager — Client Services and Benefits Entitlements (P-4)

110. The post of Manager — Client Services and Benefits Entitlements is requested to support the IMSS enterprise systems team associated with the Integrated Pension Administration System project, the incumbent of which would be involved in supporting the analysis and design of information systems relating to benefits entitlements. The incumbent will analyse the benefit entitlement processes and would work with the Integrated Pension Administration System project team to design and develop core pension administration modules to replace the ageing PENSYS. The incumbent would also participate in developing a new target operating model, which will re-engineer the existing day-to-day processes to be consistent with new standards that are better supported by technology and will increase the ability to process transactions without manual intervention. The incumbent will introduce further automation required to support the direct routing of work, supported by comprehensive and intuitive workflows. Owing to the increase in workload of the IMSS Enterprise Systems Unit, associated with the planning and development of the Integrated Pension Administration System project, the incumbent would also be involved in supporting the day-to-day operations of existing benefit systems.

Procurement Officer (P-4) (in the Procurement Division)

111. The services of the incumbent of the Procurement Officer post in the Procurement Division will be dedicated to the Integrated Pension Administration

System project for one year, to provide procurement services for all necessary phases of the project, including the coordination of the request for proposal, activities related to the bidders' conference, evaluation of vendor proposals and contract negotiations with system vendors and implementers. This temporary post will be funded from the Integrated Pension Administration System project budget.

Systems Analyst (pension payments) (P-3)

112. The post of Systems Analyst (pension payments) is requested to support the IMSS enterprise systems team associated with the Integrated Pension Administration System project, the incumbent of which would be involved in supporting the analysis and design of information systems relating to pension payments and the pension adjustment system. The functions of the new post would address the pension payments system, which has become complicated by changes over the years to the Rules and Regulations of the Fund, and establish business rules for use in the proposed Integrated Pension Administration System. Owing to the increase in the workload of IMSS associated with the planning and development of the project, the incumbent of the post would also support the day-to-day operations of all payment systems.

UNIX Administrator (P-3)

113. The incumbent of the UNIX Administrator post will support the enterprise systems infrastructure team associated with the Integrated Pension Administration System project and would be responsible for administration of all the requested UNIX-based systems. The incumbent will also be responsible for the installation, maintenance, configuration and security of computer hardware and operating system software (IBM/AIX, Linux, etc.), supported software, storage (SAN connectivity) and network services (server clustering, Web servers, directory services, security services). He or she will be accountable for: the integrity of the systems infrastructure environment; all activities related to production system management; problem resolution, all related planning, scheduling, testing and coordination; maintenance of growth statistics; space forecasts; hardware and software inventories; and backup coverage. The incumbent will also provide technical support to other teams, will be actively involved in the management and monitoring of operating systems and will participate in disaster recovery planning and testing.

Computer Administrator (network support) (General Service (Other level))

114. The incumbent of the Computer Administrator (network support) post will support the network and security team associated with the Integrated Pension Administration System project and will be involved in designing, implementing and managing the network infrastructure required to support the local and wide area networks, including network switches, hubs, servers and other associated devices. The incumbent will be responsible for managing and monitoring the various network components that are essential to providing maximum uptime for key services at all locations. The incumbent will support the Network and Security Group, which will witness an increase in workload owing to the implementation of the Integrated Pension Administration System project, as it requires the development of a complex network and security infrastructure. He or she will further develop and maintain network benchmark standards; maintain user profiles and troubleshoot system network problems; install, maintain, upgrade and

troubleshoot all hardware and software related to the network, utilizing documented procedures; prepare charts and diagrams to document the entire network operation; and recommend appropriate technology for use within the computing environment of the Pension Fund.

Table 8
Financial resources requested
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
Posts	7 177.1	325.7	4.5	7 502.8	622.8	2 088.3	6 037.3	8 125.6
Temporary posts Integrated Pension Administration System	—	869.4	n/a	869.4	129.3	—	998.7	998.7
Other staff costs								
Training	191.7	—	—	191.7	—	—	191.7	191.7
General temporary assistance	—	297.6	n/a	297.6	—	99.2	198.4	297.6
Subtotal other staff costs	**191.7**	**297.6**		**489.3**		**99.2**	**390.1**	**489.3**
Travel	164.0	54.2	33.0	218.2	—	—	218.2	218.2
Contractual services	18 866.4	5 833.6	30.9	24 700.0	—	3 851.7	20 848.3	24 700.0
General operating expenses	1 006.0	321.4	31.9	1 327.4	—	183.3	1 144.1	1 327.4
Supplies and materials	127.8	—	—	127.8	—	87.5	40.3	127.8
Furniture and equipment	4 406.9	1 544.5	35.0	5 951.4	—	440.0	5 511.4	5 951.4
Total	**31 939.9**	**9 246.4**	**28.9**	**41 186.3**	**752.1**	**6 750.0**	**35 188.5**	**41 938.4**

115. In July 2008, at its fifty-fifth session, the Board took note with appreciation of a study performed by the Fund and an external consulting firm which recommended the migration to an Integrated Pension Administration System to encompass the adoption of new process-driven working practices, the modernization of the IT platform and the introduction (where required) of new systems. The programme of change was also outlined in a high-level business case and presented to the Board. The Board approved the implementation approach recommended and requested that the Secretary/Chief Executive Officer present, in the context of the budget presentation for 2010-2011, a comprehensive proposal on the topic, including detailed costs relating to the following: (a) hardware; (b) software; (c) contractual services, including costs of systems integrators and other external consultants; and (d) other costs required for the project. A comprehensive Integrated Pension Administration System project proposal, including funding estimates and completion time frames, is provided in the annex XIII.

116. The overall information technology financial resources requested for the biennium 2010-2011 are set out in table 8, with resource growth that includes the Integrated Pension Administration System project. A comparison of resource growth without the project is set out in table 9.

Table 9
Real resource growth
(Thousands of United States dollars)

Category	Appropriations 2008-2009	Resource growth: Without IPAS percentage 1MSS	Without IPAS resource 1MSS	IPAS real percentage	IPAS real growth	Total percentage growth	Total resource growth	Estimate before recosting 2010-2011
Posts	7 177.1	4.5	325.7	—	—	4.5	325.7	7 502.8
Temporary posts Integrated Pension Administration System		—	—	n/a	869.4	n/a	869.4	869.4
Other staff costs								
Training	191.7	—	—	—	—	—	—	191.7
General temporary assistance	—	n/a	297.6	—	—	n/a	297.6	297.6
Subtotal other staff costs	**191.7**	**155.2**	**297.6**	**—**	**—**	**155.2**	**297.6**	**489.3**
Travel of staff	164.0	—	—	51.7	84.8	33.0	54.2	218.2
Contractual services								
Projects	8 388.8	-37.6	-3 150.1	94.2	7 906.3	56.7	4 756.2	13 145.0
Maintenance	10 477.6	10.3	1 077.4	—	—	10.3	1 077.4	11 555.0
Subtotal contractual services	**18 866.4**	**-11.0**	**-2 072.7**	**41.9**	**7 906.3**	**30.9**	**5 833.6**	**24 700.0**
General operating expenses								
Operating expenses	202.4	—	—	—	—	—	—	202.4
Communications	803.6	40.0	321.4	—	—	40.0	321.4	1 125.0
Subtotal general operating expenses	**1 006.0**	**31.9**	**321.4**	**—**	**—**	**31.9**	**321.4**	**1 327.4**
Supplies and materials	127.8	—	—	—	—	—	—	127.8
Furniture and equipment								
Acquisition	2 683.8	-39.2	-1 052.4	111.8	3 000.0	72.6	1 947.6	4 631.4
Replacement	1 723.1	-23.4	-403.1	—	—	-23.4	-403.1	1 320.0
Subtotal furniture and equipment	**4 406.9**	**-33.0**	**-1 455.5**	**68.1**	**3 000.0**	**35.1**	**1 544.5**	**5 951.4**
Total	**31 939.9**	**-8.1**	**-2 583.5**	**37.1**	**11 860.5**	**28.9**	**9 246.4**	**41 186.3**

Abbreviation: IPAS: Integrated Pension Administration System.

	Cost estimate	Variance	
Posts	$7 502.8	$325.7	4.5%

117. The estimate of $7,502,800 would provide for 26 continuing posts and 2 proposed new established posts (1 P-4, 1 P-3). The variance is owing to the increase in number of posts.

	Cost estimate	*Variance*	
Temporary posts for the Integrated Pension Administration System	$869.4	$869.4	100.0%

118. The estimate of $869,400 would provide for the salaries, common staff costs and staff assessment for six proposed new temporary posts (1 P-5, 2 P-4, 2 P-3, 1 General Service (Other level)) for the implementation of the Integrated Pension Administration System project. The variance is owing to the introduction of the new temporary posts.

	Cost estimate	*Variance*	
Other staff costs	$489.3	$297.6	155.2%

119. The provision of $489,300 is made for general temporary assistance for client services initiatives ($297,600) and training of staff in technology and network administration, database administration, programming and systems analysis ($191,700).

General temporary assistance

Systems Analyst — Client Services Initiatives (P-3)

120. General temporary assistance is requested for the post of Systems Analyst — Client Services Initiatives to enhance and support communications with participants and beneficiaries with the introduction of specific application features that will help the Client Services Unit manage its workload more efficiently and reduce the risk of fraud. The primary applications of technology involve the introduction of systems that will enhance the processing of communications through modernized channels, including e-mail and voice response. E-mails, which are becoming more and more numerous in day-to-day operations, will be automatically accommodated in the Fund's workflow system and routed to the appropriate destination. The systems will also provide monitoring and reporting capabilities to improve the overall client experience. The incumbent of the post will be responsible for the development and support of the systems associated with those requirements.

	Cost estimate	*Variance*	
Travel	$218.2	$54.2	33.0%

121. The estimated requirement of $218,200 relates to travel by staff to member organizations, technical conferences and seminars and representation at the Information and Communications Technology Network and meetings with the International Computing Centre. The travel budget has been increased by $54,200 to accommodate travel in relation to procurement activities including due diligence and site visits, for the selection of the Integrated Pension Administration System, as shown in table 10.

Table 10
Travel requirements for the Information Management Systems Service

Type of travel	*Amount (In United States dollars)*	*Output reference*
Travel of staff		
Procurement for the Integrated Pension Administration System project (Integrated Pension Administration System Steering Committee)	84 800.0	Visits by selected Integrated Pension Administration System Steering Committee members to various sites to assess the capability of products during the procurement of the Integrated Pension Administration System
Technical support (information technology)	78 600.0	Visits by IT staff to Geneva and the Fund's disaster recovery site
Conferences	20 400.0	Enterprise Systems and Operations Service
Travel to committees and working groups	34 400.0	Representation by senior management (IMSS) in various committees and working groups
Total	**218 200.0**	

122. A provision of $218,200 is requested for staff of IMSS to carry out duties in Geneva and at the Fund's disaster recovery site ($78,600), to attend technology conferences ($20,400), for travel to attend meetings of various committees and working groups ($16,700) and the ICT Network and management meetings of the International Computing Centre ($17,700). The increased provision of $54,200 is the result of additional travel ($84,800) that has been anticipated during the procurement phase of the Integrated Pension Administration System.

	Cost estimate	*Variance*	
Contractual services	$24,700.0	$5,833.6	30.9%

123. A provision of $24,700,000 is requested for information systems contractual services related to the cost of new projects ($13,145,000) and the maintenance of existing systems ($11,555,000). Contractual services related to the Integrated Pension Administration System ($7,906,300) will be used to perform the work indicated in the high-level business case for the project. The Fund now relies on the International Computing Centre to maintain and support its Internet, messaging and networking services, along with mainframe hosting. Of the total for contractual services, it is expected that the International Computing Centre will undertake new projects amounting to $2,913,787 and that the maintenance of existing systems will amount to $8,700,000.

124. Of the resources requested, maintenance costs amounting to $11,555,000 are recurrent costs. Project costs of $13,145,000 are non-recurrent. The increase in contractual services amounting to $5,833,600 is explained in table 11 below. The increase in project-related contractual services is due to the implementation of the Integrated Pension Administration System ($7,906,300). The expected increase in services provided by the International Computing Centre ($810,387) represents the cost of additional maintenance requirements.

Table 11
Resource growth — contractual services
(In United States dollars)

Description	*Appropriation 2008-2009*	*Estimate 2010-2011*	*Increase (decrease)*	
			Value	*Percentage*
Maintenance				
International Computing Centre	7 712 500.0	8 700 000.0	987 500.0	12.8
Other contractors	2 765 100.0	2 855 000.0	89 900.0	3.3
Subtotal maintenance[a]	**10 477 600.0**	**11 555 000.0**	**1 077 400.0**	**10.3**
Projects				
International Computing Centre	3 090 900.0	2 913 786.8	-177 113.2	-5.7
Other contractors	5 297 900.0	10 231 213.2	4 933 313.2	93.1
Subtotal projects[b]	**8 388 800.0**	**13 145 000.0**	**4 756 200.0**	**56.7**
Total	**18 866 400.0**	**24 700 000.0**	**5 833 600.0**	**30.9**

[a] Recurrent costs.
[b] Non-recurrent costs.

	Cost estimate	*Variance*	
General operating expenses	$1,327.4	$321.4	31.9%

125. The provision of $1,327,400 relates to communications ($1,125,000) and disaster recovery site services ($202,400). Communications comprises the usage of handheld devices and cellphones ($200,000), Internet access and rental of leased lines ($390,000), long distance calls for the Investment Management Service ($275,000) and the $10,000 paid to the United Nations under the cost-sharing arrangement for communications costs for the Secretariat, as indicated in table 12 below. The increase is owing primarily to the implementation of the United Nations SONET Ring Network ($250,000), which will link United Nations offices in New York with high-speed and reliable connectivity.

Table 12
Communications costs
(Thousands of United States dollars)

Description	*IMSS*	*IMS*	*Total*
Handheld devices	12.0	75.0	200.0
Internet/leased lines access	165.0	225.0	390.0
SONET communication link	250.0	—	250.0
Long distance calls	10.0	275.0	285.0
Total	**550.0**	**575.0**	**1 125.0**

126. The provision of $202,400 has been made for the disaster recovery facility, which supports the Fund's international computing infrastructure.

	Cost estimate	*Variance*	
Supplies and materials	$127.8	—	—

127. The estimated requirement of $127,800 for supplies and materials relates to optical disks, printer cartridges and cables, and miscellaneous items.

	Cost estimate	*Variance*	
Furniture and equipment	$5,951.4	$1,544.5	35.1%

128. A provision of $5,951,400 is made for furniture and equipment as part of the Fund's programme whereby equipment is replaced after four years of use ($1,320,000), for equipment required for projects ($4,246,400) and for additional new equipment ($385,000). The increase in equipment required for projects ($1,544,500) is due mainly to equipment necessary to support the Integrated Pension Administration System project ($3,000,000). A breakdown of the total increase of $1,544,500 is set out in table 13.

Table 13
Furniture and equipment
(In United Sates dollars)

Description	*Appropriations 2008-2009*	*Estimate 2010-2011*	*Increase/(decrease)*
Replacement programme[a]	1 723 097.0	1 320 000.0	-403 097.0
Projects[b]	2 263 100.0	4 246 400.0	1 983 300.0
New equipment[b]	420 703.0	385 000.0	-35 703.0
Total	**4 406 900.0**	**5 951 400.0**	**1 544 500.0**

[a] Recurrent costs.
[b] Non-recurrent costs.

Projects to be undertaken in the biennium 2010-2011 ($17,476,200)

Table 14
Summary of total project costs for the biennium 2010-2011
(In thousands of United States dollars)

	Information Management Systems Service			
Project	*Hardware/software*	*Travel*	*Contractual services*	*Total*
Integrated Pension Administration System initiatives	3 000.0	84.8	7 906.3	10 991.1
Member organization information-sharing initiatives	50.0		1 699.8	1 749.8
Client services initiatives	65.0		404.7	469.7

	Information Management Systems Service			
Project	*Hardware/software*	*Travel*	*Contractual services*	*Total*
Web system initiatives	350.0		1 359.3	1 709.3
Enterprise system initiatives	0.0		1 063.3	1 063.3
Enterprise operations initiatives	781.4		250.0	1 031.4
IT consolidation			461.6	461.6
Total	**4 246.4**	**84.8**	**13 145.0**	**17 476.2**

Integrated Pension Administration System initiative ($10,991,100)

129. The Integrated Pension Administration System initiative will result in the implementation of a pension administration system to replace the Fund's ageing system environment. This initiative will develop enterprise-wide IT systems, which support a horizontal approach to transaction management, breaking down established silos, in favour of an end-to-end, process-driven operational approach. A comprehensive project proposal, including funding estimates and completion time frames, is set out in annex XIII.

130. In July 2006, the Pension Board approved funding for a study that would determine the time frame, cost, and other resource requirements necessary to satisfy the goals of a new Fund-wide enterprise system. On the basis of the approved resources, the Fund conducted, through the United Nations Procurement Division, a procurement exercise that led to the contracting of an external consulting firm, which conducted a study whereby a current status assessment, target operating model and high-level business case were delivered and presented to the Pension Board in 2008.

131. On the basis of the review performed, the consultants reached the conclusion that operational processes were fragmented and that the environment was highly complex. It was also brought to the Board's attention that, in the opinion of the consultants, there was an excessive number of interfaces between systems, which might inhibit the ability of the Fund to process and furnish complete and reliable data. The study also highlighted that the Fund's information technology platforms were ageing and highlighted the limited availability of management information and lack of a central database. Nevertheless, the operation was regarded as stable and sound. The consultants stated that there were currently no "burning platforms".

132. On the basis of the study, it was recommended that the Fund adopt a process-centred rather than a case-centred approach, providing optimized and integrated processes. It was further recommended to standardize and modernize technology to implement one common and central database environment. This would lead to the implementation of systems whereby the Fund would route work directly to the process fulfilment staff while improving management information. This would also lead to improvements in internal control, business continuity and disaster recovery capabilities through greater standardization. It would also provide an opportunity to fully document all systems, processes and procedures.

133. During the course of the study, a target operating model for the new technology platform was developed and is set out in figure II of annex XIII.

134. As part of the Integrated Pension Administration System initiative, the following will be taken: (a) all operational systems will be integrated into a single enterprise-wide information platform; (b) all ageing systems and those that are difficult to maintain will be replaced by more modern and robust applications; (c) all processes will be optimized, significantly reducing the number of interfaces; and (d) a central database will be made available for access by all applicable systems.

135. The introduction of a new operational model based around the principles of process standardization and system integration will address many operational and technology-oriented issues. The following systems, therefore, would be replaced:

Existing system	*Description*	*Rationale*
PENSYS	Pension Administration	Written in COBOL (an ageing language) Maintained internally since 1992; the system is ageing, and COBOL programmers will become more difficult to find
Lawson	Accounting	"Off-the-shelf" product, but heavily customized to fit with PENSYS; this means high costs and additional complexity when upgrades are required
Operations information system	Workflow/management information	The current management information is based on excel spreadsheet data obtained from PENSYS; with that system being replaced, the Excel spreadsheets will become redundant
Content manager	Document management	Since the current vendor recently acquired a competing product, which provides an equivalent to content manager, the vendor announced that no further upgrades would be offered to content manager; in addition, support for the AS400 machine is being withdrawn

136. Based in large part on the analysis performed by the consultants, which included a market test, the total project costs are estimated at $22.7 million. To complete the project by the suggested delivery dates, as presented during the study, a number of resources are requested. It is also planned that the Fund will continue to utilize the United Nations procurement and human resources machinery to recruit and establish a fully competent team of highly experienced individuals gathered from internal and external sources.

137. The project team will comprise the following:

(a) A Pension Fund implementation team of approximately 18 staff members from the business and IT functions along with a Procurement Officer from the Procurement Division. Additional resources will be brought into the Fund to perform pre-implementation activities, which will include training in the scheme design and working practices of the Pension Fund. The staff will then remain in place throughout the tenure of the project;

(b) A project management team consisting of an experienced Project Manager, with support from project consultants experienced in implementing pension systems, processes, and projects;

(c) A team provided by suppliers and system integrators to provide technology solutions.

138. The implementation of the Integrated Pension Administration System project will span two bienniums, 2010-2011 and 2012-2013. During the biennium 2010-2011, the proposed project will address the following:

(a) Procurement-related activities;

(b) Contracts for software and systems integrator services;

(c) Pre-implementation services;

(i) Documentation and optimization of processes;

(ii) Data cleansing and preparation;

(d) System architecture and proof of concept;

(e) System implementation (partial).

139. During the biennium 2012-2013, the Integrated Pension Administration System project will be completed and provide the following deliverables as part of the project implementation plan:

(a) System implementation;

(b) System/data migration;

(c) Training.

140. Accordingly, for the biennium 2010-2011, the Fund is requesting $14,121,500. This figure includes the amount of $2,630,400 for temporary posts as shown in the table below.

Section/Service	*Post title and level*	*Amount proposed (In thousands of United States dollars)*
Pension Entitlements and Client Servicing	Project Coordinator, 2 P-4	928.9
	Project Administrative Support Officer, P-4	
	Project Officer, 2 P-3	
	Senior Project Assistant, GS (OL)	
Financial Services	Project Coordinator, 3 P-4	832.1
	Senior Project Assistant, 3 GS (OL)	
Information Management Systems	Project Manager — Integrated Pension Administration System Project, P-5	869.4
	Manager — Client Services and Benefits Entitlements, P-4	
	Procurement Officer (in the Procurement Division), P-4	
	Systems Analyst (Pension Payments), P-3	

Section/Service	*Post title and level*	*Amount proposed (In thousands of United States dollars)*
	UNIX Administrator, P-3	
	Computer Administrator (network support), GS (OL)	
Total		**2 630.4**

141. It is our expectation that the implementation of the Integrated Pension Administration System will enhance day-to-day operations and will accommodate the expected increase in participants and beneficiaries, thereby improving services to all clients of the Fund. The System will also modernize the existing IT platform while enabling a bridge for knowledge transfer, leading to improved analysis and planning capabilities of management information systems. When the Integrated Pension Administration System is fully operational, operational risks will be reduced through better controls and processes, enhancing the experience of those serviced by the Fund.

Member organization information-sharing initiatives ($1,749,780)

142. The member organization information-sharing initiatives will expand upon applications related to interfaces with member organizations as a means to share electronically more participant and beneficiary information, namely, personnel actions and related financial transactions. In 2009, the Fund achieved its objective whereby 75 per cent of participants will have their relevant human resources information exchanged electronically with the Fund using an interface with their member organizations. As member organizations migrate their systems to enterprise resource planning platforms, the Fund must modify the necessary interfaces. Progress in this area has been slower than anticipated, but interest on the part of enterprise resource planning vendors (e.g., SAP and Oracle) has led to a new approach, which will be implemented in the biennium 2010-2011. As for financial information exchange, the Fund will continue to work with member organizations to achieve the 20 per cent benchmark for sharing participant financial information through new technologies. The approach taken by the Fund takes into consideration the requirements of the Integrated Pension Administration System project, which assumes that efficient interfaces exist with member organizations.

Client services initiatives ($469,670)

143. The client services initiatives will enhance communications with participants and beneficiaries with the introduction of client relationship management collaborative software, which will help the Client Services Unit manage its workload more efficiently and reduce the risk of fraud. The primary applications of technology surround the introduction of systems that will enhance the processing of communications through modernized channels, including e-mail and voice response. E-mails, which are becoming more and more numerous in day-to-day operations, will be automatically accommodated in the Fund's workflow system and routed to the appropriate destination. The systems will also provide monitoring and reporting capabilities to improve the overall client experience.

Web systems initiatives ($1,709,340)

144. The web systems initiatives will provide clients with direct access to personalized information through the use of custom web-based applications. In the coming biennium, IMSS will continue to expand web offerings to include benefit statements, along with additional participant and beneficiary information, which will permit the viewing of up-to-date data contained in the Pension Fund information database. Web-based portals will continue to be provided to established working groups (e.g., plan design) and committees (e.g., audit), new portals will be established for others, and content will continue to be updated. The Fund will also introduce manager dashboards, which will permit improved monitoring of staff performance and quality of service.

Enterprise systems initiatives ($1,063,280)

145. The enterprise systems initiatives will ensure that mission-critical business systems (e.g., Content Manager and Lawson) are current with vendor updates, releases and upgrades, while keeping pace with changes to the business model of UNJSPF. This initiative will further implement the enhancements to those enterprise systems to support the requirements of the business.

Enterprise operations initiatives ($1,031,400)

146. The enterprise operations initiatives will ensure that the computing infrastructure of the Fund keeps pace with the changing requirements of business users while taking advantage of advanced technologies to support improvements in security, performance and quality of service. The Fund expects to upgrade various elements of the data centre infrastructure, including the uninterrupted power supplies. New technologies to accommodate client services initiatives will also be required, including unified messaging and Internet protocol telephony. The Fund also expects to set up a master data management foundation for data across many applications and constituencies with the goal of providing a single view of information through this initiative and the implementation of enterprise information management and data architecture services. Through this initiative, the Fund would centrally manage the provisioning and disabling of identities and consolidate the proliferation of identity stores.

Information technology consolidation with the Investment Management Service ($461,630)

147. The IT consolidation with the Investment Management Service will ensure that all remaining aspects of the consolidation between the computing infrastructure of the Service and the Pension Fund secretariat are accomplished under one service, driven by a common service delivery agreement. It is anticipated that 75 per cent of the consolidation will be completed by the end of the biennium 2008-2009. Of the 38 areas identified for consolidation, 29 will be completed and 9 areas will remain, including a complete migration to a new network architecture and monitoring system, a new and consolidated e-mail system and the development and implementation of web services. An enhanced security infrastructure and a custodian bank financial data service will also be included. New projects of the Service that require computing infrastructure services will be accommodated as requested.

2. Executive Office

Table 15
Human resources requirements

Category	Established posts 2008-2009	Established posts 2010-2011	Temporary posts 2008-2009	Temporary posts 2010-2011	Extrabudgetary posts 2008-2009	Extrabudgetary posts 2010-2011	Total 2008-2009	Total 2010-2011
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-4	1	1	—	—	—	—	1	1
P-3	1	1	—	—	—	—	1	1
Subtotal	**3**	**3**	—	—	—	—	**3**	**3**
General Service								
Principal level	—	—						—
Other level	4	4	—	—	—	—	4	4
Subtotal	**4**	**4**	—	—	—	—	**4**	**4**
Total	**7**	**7**	—	—	—	—	**7**	**7**

Table 16
Financial resources requested
(In thousands of United States dollars)

Category	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2008-2009 estimate
Posts	1 545.5	—	—	1 545.5	187.7	577.8	1 155.4	1 733.2
Contractual services	—	1 924.7	100.0	1 924.7	—	—	1 924.7	1 924.7
General operating expenses								
Rental of premises	8 166.5	840.2	10.3	9 006.7	—	3 002.2	6 004.5	9 006.7
Rental of equipment	98.6	5.3	5.4	103.9	—	34.6	69.3	103.9
Operating expenses	287.6	(57.6)	(20.0)	230.0	—	—	230.0	230.0
External printing	55.3	—	—	55.3	—	—	55.3	55.3
Subtotal general operating expenses	**8 608.0**	**787.9**	**9.2**	**9 395.9**	**—**	**3 036.8**	**6 359.1**	**9 395.9**
Supplies and materials	111.6	(29.3)	(26.3)	82.3	—	—	82.3	82.3
Furniture and equipment	54.7	(6.1)	11.2	48.6	—	—	48.6	48.6
Total	**10 319.8**	**2 677.2**	**25.9**	**12 997.0**	**187.7**	**3 614.6**	**9 570.1**	**13 184.7**

	Cost estimate	Variance	
Posts	$1,545.5	—	—

148. The estimate of $1,545,500 provides for seven continuing posts.

	Cost estimate	*Variance*	
Contractual services	$1,924.7	$1,924.7	100.0%

149. The estimate of $1,924,700 provides for maintenance and renovation projects ($1,420,000) and the purchase and installation of new carpeting ($386,800). In addition, $117,900 will be required to finance off-site storage and hardware disposal contracts. The increase is owing to the realignment of resources to the contractual services category from rental of premises and general operating expenses as compared with the biennium 2008-2009 based on actual expenditure.

	Cost estimate	*Variance*	
General operating expenses	$9,395.9	$787.9	9.2%

150. Detailed variance analyses of general operating expenses proposed for the biennium 2010-2011 are presented below, and it should be noted that the estimates for 2010-2011 are based on actual expenditure.

	Cost estimate	*Variance*	
Rental of premises	$9,006.7	$840.2	10.3%

151. The secretariat's estimate for rental of premises is predicated on its occupancy of all four floors that are currently occupied by the Fund as a whole and one additional floor being renovated for the Investment Management Service at 1 Dag Hammarskjöld Plaza.

152. During the course of the biennium 2010-2011, one additional floor will be needed to accommodate the 41 posts requested in the present report. One floor in the building at 1 Dag Hammarskjöld Plaza has the capacity to accommodate approximately 50 additional staff members, depending on the adopted design.

153. The Fund occupies a commercial building and therefore is responsible for many of the costs that would usually fall under the purview of the Facilities Management Service. In this respect, the Fund is responsible for costs such as real estate taxes, tenants' portion of the building operating expenses, cleaning and maintenance contracts (lighting, pest control, fire equipment, air conditioning units), electricity usage, chilled water for supplementary air conditioners, repair and maintenance of equipment, use of freight elevators outside normal hours, removal of certain types of garbage, building passes and tenants' apportioned costs associated with any change in New York laws with regard to commercial buildings.

154. The provision of $9,006,700 comprises rental of premises for office space at 1 Dag Hammarskjöld Plaza ($5,755,000) and the Du Pont Building in Geneva ($602,000). In addition, the provision of $2,649,694 is made based on current expenditure and is requested for charges for chilled water ($950,473), electricity ($466,884), building operating expenses ($408,066), cleaning services ($319,545), the presence of staff of the Division of Security and Safety Services on the 37th floor between the hours of 8 a.m. and 6 p.m., Monday through Friday ($304,200), air conditioning maintenance ($95,626), real estate taxes ($41,917), fire inspection

charges ($29,331), charges for shredding ($6,960) and miscellaneous expenses ($26,690).

155. The variance in rental of premises is the result of an increase in costs resulting from the expected use of additional office space for proposed new staff and the expected full occupancy of the 4th floor by the secretariat, previously occupied by the Investment Management Service.

	Cost estimate	*Variance*	
Rental and maintenance of equipment	$103.9	$5.3	5.4%

156. The Fund leases photocopiers through the Information Technology Services Division. The increase in costs is owing to the provision of one additional photocopier, to be located on the 4th floor of 1 Dag Hammarskjöld Plaza, based on current costs.

	Cost estimate	*Variance*	
Operating expenses	$230.0	($57.6)	(20.0%)

157. Provision is made for costs for freight and pouch services ($200,000) and mail ($30,000), based on current costs.

	Cost estimate	*Variance*	
External printing	$55.5	—	—

158. No increase is requested in the provision for external printing, which covers the production of booklets and fliers and the printing of forms and envelopes ($55,300).

	Cost estimate	*Variance*	
Supplies and materials	$82.3	($29.3)	(26.3%)

159. The decrease of $29,300 for expendable supplies and materials is owing to a large reduction in requirements and is based on the actual expenditure for 2008.

	Cost estimate	*Variance*	
Furniture and equipment	$48.6	($6.1)	(11.2%)

160. The provision of $48,600 is requested to cover the acquisition of additional furniture for new staff and replacement costs.

Annex III

Supplementary information to the budget estimates for the biennium 2010-2011: investment costs

A. Executive direction and management

Table 1
Human resources requirements

Category	*Established posts*		*Temporary posts*		*Extrabudgetary posts*		*Total*	
	2008-2009	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Professional and above								
D-2	1	1	—	—	—	—	1	1
P-5	1	1	—	—	—	—	1	1
P-4	1	1	—	—	—	—	1	1
Subtotal	**3**	**3**	**—**	**—**	**—**	**—**	**3**	**3**
General Service								
Principal level	1	1	—	—	—	—	1	1
Other level	3	3	—	—	—	—	3	3
Subtotal	**4**	**4**	**—**	**—**	**—**	**—**	**4**	**4**
Total	**7**	**7**	**—**	**—**	**—**	**—**	**7**	**7**

Table 2
Financial resources requested
(In thousands of United States dollars)

Category	*2008-2009 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*Apportionment*		*2010-2011 Estimate*
		Amount	*Percentage*			*United Nations*	*Pension Fund*	
Posts	1 669.0	—	—	1 669.0	335.3	—	2 004.3	2 004.3
Other staff costs	657.0	365.3	55.6	1 022.3	—	—	1 022.3	1 022.3
Consultants	1 384.5	444.3	32.1	1 828.8	—	—	1 828.8	1 828.8
Travel	1 888.0	112.0	5.9	2 000.0	—	—	2 000.0	2 000.0
Hospitality	22.0	—	—	22.0	—	—	22.0	22.0
Total	**5 620.5**	**921.6**	**16.4**	**6 542.1**	**335.3**	**—**	**6 877.4**	**6 877.4**

	Cost estimate	*Variance*	
Posts	$1,699.0	—	—

1. The estimate of $1,669,000 provides for seven continuing posts (1 D-2, 1 P-5, 1 P-4, 1 General Service (Principal level) and 3 General Service (Other level)).

	Cost estimate	*Variance*	
Other staff costs	$1,022.3	$365.3	55.6%

2. The provision of $255,000 is made for general temporary assistance for 17 months at the P-3 level to cover extended sick leave and maternity leave. In addition, general temporary assistance is requested for seven months at the General Service (Other level), which is required during high workload periods, such as preparation for meetings of the Pension Board and the nine Investments Committee meetings planned for 2010-2011.

3. In addition, the provision of $25,700 is requested for 504 hours of overtime required during peak working periods related to the preparation of documentation, reports and administrative support before, during and after the meetings of the Investments Committee (5 per year) and for sessions of the Pension Board and General Assembly. The Investments Committee is presented with the latest possible audited investment performance data, which is provided by the external master record-keeper right before each meeting. Estimated overtime covers urgent and unforeseen ad hoc requests and demands for performance and portfolio management presentations. The additional work resulting from the implementation of new systems, such as the trade order system, the operations and portfolio accounting system, the portfolio risk analysis and performance attribution system and SWIFT, as well as the transition to the new master record-keeper/custody arrangement (which requires the integration of the IT systems of the Investment Management Service and the master record-keeper to ensure accurate, timely and most of all secure on-line accounting), is expected to increase overtime demand during 2010-2011.

4. The provision of $555,021 is based on planned training activities and comprises four investment-related conferences, workshops, seminars and training courses ($310,652), four conferences related to risk management, responsible investments, ethics and compliance ($59,177), 20 technical training courses, seminars, workshops related to information technology and securities operations ($109,090), six training courses, seminars, workshops related to business policy and implementation, accounting for alternative investments ($57,768), four licensing examinations for chartered financial analysts and financial risk managers ($9,595) and one training retreat in New York for Investment Officers ($8,939).

5. Provision is made for $186,600 for after-service health insurance for 10 retired staff members of the Investment Management Service, based on the current costs charged to the Fund.

Table 3
Other staff costs resource requirements
(In thousands of United Sates dollars)

Description	*Appropriations 2008-2009*	*Estimate 2010-2011*	*Increase/ (decrease)*
General temporary assistance	76.8	255.0	178.2
Overtime	24.8	25.7	0.9
Training	555.4	555.0	(0.4)

Description	*Appropriations 2008-2009*	*Estimate 2010-2011*	*Increase/ (decrease)*
After-service health insurance	—	186.6	186.6
Total	**657.0**	**1 022.3**	**365.3**

	Cost estimate	*Variance*	
Consultants	$1,828.8	$444.3	32.1%

6. The consultancy requirements in the amount of $1,828,800 for the 2010-2011 biennium are as follows:

Temporary support and implementation of dual custodian model — Project Manager ($150,000)

7. As the Fund is transferring from a single global custodian to a multiple custodian and one master record-keeper set-up, there is a need for consulting services to assure that the planning and execution of transfer of the Fund's portfolios and financial information is properly planned and executed in a timely and accurate manner. The consultant would assure that the Fund incurs neither loss of financial information nor additional fees and would also assure the safe transition of all assets. In addition, the project will provide the Fund with the transparent move to a new banking set-up with no interruption to trading and financial activities.

Support for responsible investing implementation ($203,800)

8. The Investment Management Service of the Pension Fund requests these consulting projects to promote implementation of the proposals recommended by the Service and supported in principle by the Pension Board (at its fifty-fifth session) and the Investments Committee (at its 197th meeting) with regard to incorporating environmental, social, and governance issues into the Pension Fund's investment process. The tasks of the consultant would include: (a) development of responsible investing language and requirements; (b) review of existing proxy voting services for compatibility with the Fund, including ongoing proxy vote execution, research and recommendation services and collaborative engagement initiatives; (c) recommendation of an implementation framework for traditional assets and alternative assets; (d) planning and establishment of objectives and customized requirements; and (e) preparation and delivery of training sessions for investments and operations staff of the Investment Management Service. The Service will direct the projects with the goal of adopting environmental, social and governance policies that are consistent with the United Nations Principles for Responsible Investment and the Global Compact, without compromising the four investment criteria of safety, profitability, liquidity and convertibility.

Hedge funds ($400,000)

9. The Investment Management Service requests these funds to facilitate the implementation of the proposals recommended by it and discussed by the Pension Board (at its fifty-fifth session) and endorsed by the Investments Committee (at its 197th meeting) with regard to the addition of alternative asset classes to the

portfolio. Consulting projects could include the training of internal staff on the selection and monitoring of hedge funds-of-funds and hedge funds, conducting background checks on key personnel, industry surveys, cost comparisons, due diligence on back-office systems, operations and broker relations, third-party valuations, and related technology integration requirements. The Investment Management Service will direct this project without compromising the four investment criteria of safety, profitability, liquidity and convertibility.

Operations and portfolio accounting/risk ($350,000)

10. The Information Systems Section in the Investment Management Service will require consultants to assist with the implementation of the operations and portfolio accounting and risk systems. For each project, two consultants will be needed for duration of six months. The consultants will assist with installing and customizing the software to meet the requirements of the Investment Management Service. The customization will consist mainly of mapping the business processes of the Service to the systems functionalities. The consultants will also be asked to review the business processes of the Service, considering the system capabilities, and suggest enhancement and best practices wherever possible.

Private equity implementation ($500,000)

11. The Investment Management Service requests these funds to facilitate the implementation of the proposals recommended by it and discussed by the Pension Board (at its fifty-fifth session) and endorsed by the Investments Committee (at its 197th meeting) with regard to the addition of alternative asset classes to the portfolio. Consulting projects could include training internal staff on the selection and monitoring of private equity fund managers, conducting background checks on key personnel, industry surveys, cost comparisons, due diligence on back-office systems and fund operations, third-party portfolio valuations and related technology integration requirements. The Investment Management Service will direct this project without compromising the four investment criteria of safety, profitability, liquidity and convertibility.

Asset-liability management study in accordance with industry standards ($225,000)

12. In 2005, the Standing Committee approved, as part of the Fund's budget proposal for 2006-2007, funding for a comprehensive asset-liability management study, which was included in the Fund's budget for 2006-2007, as approved by the General Assembly.

13. The study was completed in April 2007 and submitted to the Board at its fifty-fourth session. As reflected in its report to the General Assembly on that session, the Board took note with satisfaction of the report and agreed that the Fund would carry out an asset-liability management study every four years, or sooner if substantive changes to the plan design or to the economic or demographic assumptions occurred.

14. The integrated risk and return management method of asset-liability management will enable the investment decision-maker to establish a strategic asset allocation (a long-term policy guideline) in accordance with the fund liability structure.

15. Asset-liability management is the process of controlling the relationship of assets to liabilities — that is, managing the spread between them. This is necessary to ensure benefit security within acceptable cost parameters. Liabilities grow with additional service and future inflation. Assets grow with contributions and vary with investment performance. Minimizing the fluctuation between assets and the present value of liabilities requires matching the characteristics of liabilities with assets having similar characteristics and adjusting for inflation. The primary objective of an asset-liability management study is to identify the optimal strategic asset mix for a pension fund.

16. For example, the following topics should be addressed:

- Optimal asset mix among equity, fixed income, real estate, alternative asset and cash to meet the objectives of the Fund while considering comprehensive risk factors, including actuarial costs, funding ratio and assets-to-benefits ratio
- Split between domestic and overseas investments and the regional allocation in each asset class
- A long-term estimation of the currency mix of the liabilities, including their durations
- Estimation of the cost of the two-track system

The first topic is generally accepted to be the most significant influence on expected return and risk.

17. The key considerations in setting the strategy should be:

- Nature and term of the liabilities
- Surplus/deficit position of the Fund
- Any accounting constraints
- Contribution and expense flows

and the objectives of the Fund, typically:

- Maximize risk-adjusted returns
- Security of capital
- Liquidity and their respective attitudes to risk.

18. Asset allocation normally requires the use of an asset and liability model to explore the impact of following different asset allocation strategies in terms of expected returns and risk.

19. The study would be conducted by a specialized consulting firm and carried out concurrently with the next actuarial valuation.

Consultant projects

(In United States dollars)

Category	*Estimate 2010-2011*
Temporary support and implementation of dual custodian model	150 000.0
Support for responsible investing implementation	203 800.0

Category	*Estimate 2010-2011*
Hedge funds	400 000.0
Operations and portfolio accounting/risk	350 000.0
Private equity implementation	500 000.0
Asset-liability management study	225 000.0
Total	**1 828 800.0**

	Cost estimate	*Variance*	
Travel	$2,000.0	$112.0	5.9%

20. The travel requirements for the biennium 2010-2011 in the amount of $2,000,000 are set out in table 4.

Table 4
Travel of staff and representatives

Type of travel	*Amount (In United States dollars)*	*Output reference*
Travel of staff		
Governance	122 400.0	Visit by the Representative of the Secretary-General, the Director and staff of the Investment Management Service to sessions of the United Nations Joint Staff Pension Board and one Investments Committee meeting to be held in China
Technical support (information technology)	344 000.0	
Miscellaneous travel	920 600.0	Company visits, regional visits, global custodian
Subtotal travel of staff	**1 387 000.0**	
Travel of representatives		
Governance (Investments Committee)	613 000.0	Attendance at nine meetings by Investments Committee members (6 in New York and 3 outside New York)
Subtotal travel of representatives	**613 000.0**	
Total	**2 000 000.0**	

21. A provision of $122,400 is required for seven staff members of the Investment Management Service, including the Representative of the Secretary-General and the Director of the Service, to attend one Investments Committee meeting to be held outside New York and two sessions of the United Nations Joint Staff Pension Board, one to be held in London in 2010 and one tentatively scheduled to be held in Geneva in 2011. A provision of $920,600 is required for 152 company visits, 18 regional visits, 20 training/orientation/implementation strategy trips to Northern

Trust, the Fund's global custodian/master record-keeper. In addition, a provision of $344,000 is made for 18 training workshops on technical support and information technology. The variance of $322,000 is owing to the additional posts requested, which will provide staff members with more time for official travel.

22. A provision in the amount of $613,000 is requested for the travel of 11 to 12 Investments Committee members to attend nine quarterly meetings, including two with the United Nations Joint Staff Pension Board, and one quarterly meeting in China. The estimates are based on the daily subsistence rates effective 1 February 2009 and most recent airfare rates. The negative variance of $210,000 is owing to the reduction in the number of quarterly meetings from 10 to 9 in 2010-2011.

	Cost estimate	*Variance*	
Hospitality	$22.0	—	—

23. A provision of $22,000 is required for estimated costs associated with the performance of official functions by the Representative of the Secretary-General and the Director of the Investment Management Service to meet hospitality expenses related to nine Investments Committee meetings.

B. Programme of work

1. Investment Section

Table 5
Human resources requirements

	Established posts		*Temporary posts*		*Extrabudgetary posts*		*Total*	
Category	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*	*2008-2009*	*2010-2011*
Professional and above								
D-1	1	1	—	—	—	—	1	1
P-5	7	7	—	—	—	—	7	7
P-4	3	6	—	—	—	—	3	6
P-3	4	4	—	—	—	—	4	4
Subtotal	**15**	**18**	**—**	**—**	**—**	**—**	**15**	**18**
General Service								
Principal level	4	4	—	—	—	—	4	4
Other level	4	5	—	—	—	—	4	5
Subtotal	**8**	**9**	**—**	**—**	**—**	**—**	**8**	**9**
Total	**23**	**27**	**—**	**—**	**—**	**—**	**23**	**27**

24. The Investment Section comprises 15 Investment Officers and 8 Investment Management Assistants.

Justification of new posts

North America equity portfolio

25. The North America equity portfolio, comprising equities of both the United States of America and Canada, is the largest equity portfolio of all regions, typically representing approximately 40-50 per cent of the Fund's total equity market value. At present, only one Senior Investment Officer (P-5) manages the portfolio; that Officer is assisted by one General Service (Principal level) staff member.

26. The North America equity team will require an additional post of Investment Officer at the P-4 level and one Investment Officer post at the P-3 level to provide for proper support and backup to the Senior Investment Officer. The investment universe of North America consists of more than 700 securities, and depth of research is essential in the most sophisticated markets. The input from the North America equity team is also very important in decision-making related to asset allocations and has significant implications for other regions. Without backup officers among the North America equity team, the Fund would be exposed to serious operational risk. Furthermore, the addition of two posts of Investment Officer would create a staffing structure in the North America team similar to that which is currently in place for other geographical regions with holdings in the equity portfolio.

Investment Officer (P-4)

27. Within the delegated authority, the incumbent of the Investment Officer post will assist the Senior Investment Officer in investing and managing the assets of the Fund in the North America equities portfolio to produce an optimal investment return that avoids undue risk and in balancing long-term strategies to achieve results superior to the Morgan Stanley Composite Index benchmarks by:

(a) Constructing and monitoring the internally managed portfolio through dedicated research from both bottom-up and top-down analysis while complying with risk control parameters as delineated in the Investment Manual;

(b) Conducting research of investments, including regular investment visits and ongoing communications with companies, brokerage houses and other financial institutions;

(c) Recommending and executing specific purchases or sales of securities on a daily basis, or as appropriate, in order to achieve results superior to the benchmarks and ensuring that investment transactions are executed by brokers in accordance with instructions and market conditions at the time;

(d) Integrating Principles for Responsible Investments into investment analysis, subject to the standards of the Investment Management Section of fiduciary responsibility to the Fund;

(e) Preparing reports on investment returns and strategy for review and discussion in regularly scheduled meetings, such as Investments Committee and Portfolio Review meetings.

Fixed income portfolio

28. The fixed income group will require one additional Investment Officer post at the P-4 level and one Investment Management Assistant post (General Service (Other level)).

Investment Officer (P-4)

29. The bond allocation for the total portfolio is approximately 30 per cent of the total fund, or $12 billion. The size, volume and complexity of the bond investments, in addition to the rapidly changing and increasingly risky fixed-income investment environment, require an additional Investment Officer post for the fixed income portfolio. It should be noted that the execution of fixed-income transactions was previously undertaken by non-discretionary investment advisers. In 2008, the Fund decided to assume responsibility for those functions to ensure better execution of fixed-income transactions. The volume of transactions in fixed income executed by the Investment Officers in the Pension Fund has increased by 158 per cent, while the foreign exchange transactions has increased by 650 per cent, in the past 12 months. Owing to the complexity, scope and percentage of the fund allocated to United States dollar-denominated bonds, the additional post of Investment Officer for the fixed income portfolio would be dedicated to managing the investment portfolio denominated in United States dollars. The incumbent of the post would ensure that the United States dollar investment portfolio conforms with established United Nations regulations and the direction of the Senior Investment Officer; ensure that safety, profitability, liquidity and convertibility requirements are met for the Fund; monitor the counterparty, credit and yield curve risk with respect to United States dollar investments; determine optimal asset allocation and develop an investment strategy to maximize profitability, liquidity and safety; execute United States dollar investments and monitor the performance and benchmark attributes of the United States dollar portfolio on a daily basis; assist the Senior Investment Officer with the development of investment policy and strategy recommendations for the global fixed income portfolio; manage relationships with banks and broker dealer to ensure timely execution of trades and attend conferences to keep abreast of developments in the markets and current economic trends; assist in the preparation of quarterly reports to the Fifth Committee, the Advisory Committee on Administrative and Budgetary Questions, the Investments Committee and other ad hoc periodic reporting; and assist in monitoring the activities of the Investment Management Assistants.

Investment Management Assistant (General Service (Other level))

30. The management of the fixed income portfolio proposes to establish one additional post of Investment Management Assistant in order to handle the increased trade volume and complexity of trading activity of the bond fund portion of the Pension Fund portfolio. In this regard, the incumbent of the Investment Management Assistant post would prepare trade documentation to ensure the timely and accurate settlement of the fixed-income investments. The incumbent would also ensure daily maintenance of both internal and external risk models and/or systems to track portfolio attributes, risk factors and performance in relations to the approved benchmark. The incumbent would also provide Investment Officers with any necessary data or analyses required in making decisions using financial service providers as well as prepare graphs and data for quarterly and ad hoc reporting.

With the incumbent of the post assuming this added responsibility, the Investment Management Service would be able to ensure proper documentation of trades and execution of transactions as well as increase the ability to internally track attributes that contribute to benchmark errors of the fixed income portfolio.

Real estate portfolio

31. The real estate portfolio of the Pension Fund consists of 44 funds totalling approximately $1.8 billion, handled by 25 fund managers selected by the Pension Fund. The funds are either open-end funds with redemption provisions or closed-end funds with limited redemption. Each fund has its own annual meeting, with quarterly investor conference calls. In addition, the Pension Fund generally sits on advisory boards which meet an additional four times per year. Investments in new funds require considerable up-front due diligence before investments can be made, and considerable time is spent with the Office of Legal Affairs on legal review. The current adviser for real estate is the Townsend Group. The portfolio also includes a limited number of publicly traded real estate securities.

32. As mentioned above, most investments in real estate are in non-publicly traded funds, which require significantly more due diligence than public investments because of the limited redemption provisions. A thorough investigation is necessary not only of the fund itself, but also of the fund sponsor. The Townsend Group works closely with the Investment Management Service on the due diligence process, with the process being divided between them. After investments are made, significant time is spent monitoring funds for performance. This is done through both review of quarterly and annual reports and participation in annual meetings, quarterly investor conference calls and property visits. Additional time is devoted to participating in Advisory Board meetings for each fund. The Investment Management Service generally sits on the Investor Advisory Board of each fund. A strategic plan is produced annually for the portfolio jointly with the Adviser. The strategic plan incorporates overall allocation recommendations for the portfolio, both geographically and by property type and risk level, as well as disposition recommendations.

33. At the Pension Board session in July 2008, it was agreed that the Investment Management Service would expand its investment portfolio for real estate to include infrastructure, timber and agriculture investments. The current staffing structure of the real estate portfolio team consists of a Senior Investment Officer post at the P-5 level and an Investment Management Assistant post (General Service (Principal level)). All investment due diligence, portfolio monitoring and portfolio strategy is performed by the Senior Investment Officer, with assistance from the Investment Management Assistant and the Adviser. The Investment Management Assistant also handles all operational paperwork associated with investments, capital calls and distributions to and from each of the existing funds. The reason for requesting additional staffing for the real estate team is the performance of more complete due diligence for investments in real estate funds and the allocation of more time for monitoring and evaluating the existing real estate portfolio. In addition, real estate reporting must be fully synchronized between the master record-keeper and the Adviser, which has not been possible to date owing to lack of staff. Also, the addition of new asset classes to the real estate portfolio, including infrastructure, timber and agriculture, will add to the demands of the team.

34. The real estate group will require an additional post of Investment Officer at the P-4 level.

Investment Officer (P-4)

35. The incumbent of the post would function primarily as the portfolio manager for a large group of funds within the real estate portfolio, attend annual meetings and quarterly investor and advisory board meetings with management as well as making visits to the assets in the funds. He or she would work with the Office of Legal Affairs to manage fund legal documents and implement updates. The incumbent would work with the Adviser and master record-keeper to synchronize financial reporting. He or she would assist the Senior Investment Officer in performing due diligence for new fund investments and in interviewing potential fund managers. He or she would regularly evaluate existing fund managers and perform regular portfolio reviews for all his or her assigned funds and an annual strategic review for all funds within his or her designated portfolio.

Table 6
Financial resources requested
(In thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 Estimate*
Posts	6 024.5	634.4	10.5	6 658.9	1 300.5	—	7 959.4	7 959.4
Contractual services	47 422.3	(4.4)	(0.01)	47 417.9	—	—	47 417.9	47 417.9
Total	**53 446.8**	**630.0**	**1.2**	**54 076.8**	**1 300.5**	—	**55 377.3**	**55 377.3**

	Cost estimate	*Variance*	
Posts	$6,658.9	$634.4	10.5%

36. The estimate of $6,658,900 would provide for 23 continuing posts and the proposed 4 new established posts (3 P-4, 1 General Service (Other level)). The variance is owing to the increase in the number of posts.

	Cost estimate	*Variance*	
Contractual services	$47,417.9	($4.4)	(0.01%)

37. The provision of $47,417,900 for contractual services is made for external legal consultants ($1,200,000) and third-party service providers ($46,217,900) with details set out in table 8.

Retention of external legal consultant ($1,200,000)

38. The increased budget is requested to provide external legal counsel, in particular with regard to the complex real estate investments contemplated by the Fund. Also, in the light of the current general economic conditions, it is anticipated that outside legal counsel will be required to assist the Fund more frequently with

the management of portfolio investments adversely affected by the economic crisis. External counsel will be required to advise the Fund in connection with the setting up of appropriate policies and compliance and the due diligence processes required in connection with the implementation of the real assets and alternative assets classes contemplated by the Fund. External counsel will need to be consulted for the preparation of advisory services agreements for the new advisers on real assets and multicurrency fixed-income as well as for the contract overview relating to the new banking configuration planned by the Investment Management Service, which includes a master record-keeper and regional custodians. The assistance of external counsel will also be required in connection with the drafting of a form of agreement to be executed by the brokers used by the Fund.

Third-party service providers ($46,217,900)

Custodians/master record-keeper ($10,500,000)

39. At present, the Fund contracts a global custodian. That particular bank, along with its sub-custodians, holds all of the assets of the Fund. In today's troubled global economy, it is the plan of the Investment Management Service to diversify the risk of the Fund by engaging at least two regional custodian banks to hold the assets of the Fund. In addition, a master record-keeper will be contracted to monitor the custodian banks and provide the Fund with financial, general ledger and performance reporting and custodian monitoring. The independent master record-keeper would ensure transparent monitoring and reporting of assets, as recommended by OIOS. The present global custodian contract has been extended, as provided in the initial contract, until March 2010. The estimate of the funds requested is based on the costs incurred the last time that the Fund had a master record-keeper for the period from 2000 to 2003. Costs for the master record-keeper are requested for the biennium 2010-2011 in the amount of $5.5 million. Costs for the custodians (at least 2 are contemplated) are requested for the biennium in the amount of $5.0 million.

Advisers ($16,976,400)

40. Adviser fees are based on present estimates of the four contracted advisers, who are paid fixed annual fees for advice on the equity markets of North America and Europe and Asia, and the global fixed income and real estate portfolios. The Pension Fund intends to maintain this advisory setup for those advisers. Funds are requested at the same level as the present contracts. Additional funds are requested for new advisers for the Fund in the areas of multicurrency fixed income, real assets and alternative assets.

41. The multicurrency Adviser would provide continuous investment advice with respect to the investment and reinvestment of the Fund's fixed-income portfolio. The Adviser will provide written recommendations for investments in specific securities, based on appropriate due diligence, monitor investments after they are made, provide summary reporting on those investments and meet with the Fund's Investments Committee and staff of the Investment Management Service, as needed.

22. The real assets Adviser will provide advisory services for the Fund's real asset portfolio on a non-discretionary basis. Real assets shall include real estate, infrastructure, timber and agriculture. The Adviser will make recommendations for an overall real asset investment strategy, provide written recommendations for

investments in specific funds based on appropriate due diligence, assist with placement, monitor investments after they are made, provide summary reporting on those investments on a quarterly basis and meet with the Fund's Investments Committee and staff of the Investment Management Service, as needed.

43. The alternative assets Adviser(s) will provide advisory services for the Fund's alternative asset portfolio on a non-discretionary basis. The Adviser will make recommendations for an overall alternative asset investment strategy, provide written recommendations for investments in specific funds, based on appropriate due diligence, assist with placement, monitor investments after they are made, provide summary reporting on those investments on a quarterly basis and meet with the Fund's Investments Committee and staff of the Investment Management Service, as needed. Alternative assets include private equity and funds of hedge funds.

Small cap fund managers ($12,500,000)

44. The Fund contracts several regional small cap fund managers who are paid on a quarterly basis based on the market value of the portfolios under management, which fluctuate subject to market conditions and the portfolio performance. Owing to the recent unsettled market conditions, less funds are requested for the biennium 2010-2011 to reflect the decreased market values of the portfolios managed.

Publicly traded real estate ($2,700,000)

45. The Fund is requesting provisions for the services of an outside manager to maintain and expand its existing portfolio of publicly traded real estate securities. The manager will have discretionary authority over this portfolio, subject to an overall strategy agreed to jointly with the Investment Management Service. He or she will be asked to invest in publicly traded real estate securities on a global basis and in a highly diversified manner. The manager will provide the Investment Management Service with all research on the investments that it manages for the Service.

Indexation ($0)

46. The Fund is not requesting resources for the indexation of the North American equities. Even though it was endorsed by the Board in July 2006 and the administrative costs for its implementation were approved by the General Assembly in December 2006, the indexation has been deferred owing to the experience in the declining markets, which started in October 2007 and after which the focus of the Investment Management Service has been on the preservation of capital. So long as the ongoing financial crisis continues, avoidance of the most vulnerable sectors is especially critical, and this has been achieved, so far, by active management. During the turbulent markets of 2007 and 2008, active management did indeed achieve outperformance that added more than $1.1 billion to the portfolio, in excess of the benchmarks established by the Fund.

47. Indexation is a tool that can be used to provide flexibility in managing the assets of the Fund, in particular, for the fine-tuning of asset allocation. Because indexation approximates the returns of financial markets as a whole, it is a tool that is most advantageously used in rising markets. The Fund can take this benefit through exchange traded funds in the appropriate circumstances because of its flexibility in implementation.

Market data services ($3,541,500)

48. The twofold increase in the budget for 2010-2011 is linked to an increase in the number of projected users. The number of Bloomberg users is projected to increase from the current 33 users to 47, with the cost per user of $40,931. This will result in the growth of the cost of Bloomberg from $1.3 million to $1.93 million. In addition, the present number of concurrent connections of the Thomson Financial DataStream and the Institutional Brokers' Estimate System is two. Taking into consideration the slow current response time owing to the number of users and to the anticipated increase in its staffing, the Investment Management Service is projecting an increase of up to six in the number of concurrent connections. The projected cost is three times higher than the current one, which is $893,000. Given the increase in staff of the Investment Management Service, the investment decision tool annual fee is expected to increase to $190,000 per year. Therefore, the Service is projecting a cost of $380,000 for the biennium. The index cost is increasing as the Investment Management Service intends to purchase the Lehman Aggregate Index in addition to the Morgan Stanley Capital Index. The cost of the Lehman Aggregate Index is estimated at $56,000. The cost of the Morgan Stanley Capital Index is expected to remain the same, which is $280,000; therefore, the total cost is $336,000.

Table 7
Contractual services
(United States dollars)

Category	*Appropriations 2008-2009*	*Estimate 2010-2011*	*Variance increase (decrease)*
External legal consultant	**532 500.0**	**1 200 000.0**	**667 500.0**
Third-party service providers			
(a) Global custodian and advisers			
Global custodian	1 278 000.0	10 500 000.0	9 222 000.0
Advisers	14 217 100.0	16 976 400.0	2 759 300.0
Subtotal	**15 495 100.0**	**27 476 400.0**	**11 981 300.0**
(b) Portfolio management			
Small capitalization	20 943 200.0	12 500 000.0	(8 443 200.0)
Publicly traded real estate	4 366 500.0	2 700 000.0	(1 666 500.0)
Indexation	4 142 900.0	—	(4 142 900.0)
Subtotal	**29 452 600.0**	**15 200 000.0**	**(14 252 600.0)**
(c) Market data services	1 942 100.0	3 541 500.0	1 599 400.0
Subtotal third-party service providers	**46 889 800.0**	**46 217 900.0**	**(671 900.0)**
Total	**47 422 300.0**	**47 417 900.0**	**(4 400.0)**

2. Risk and Compliance Section

Table 8
Human resources requirements

Category	Established posts		Temporary posts		Extrabudgetary posts		Total	
	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011
Professional and above								
D-1	1	1	—	—	—	—	1	1
P-5	—	—	—	—	—	—	—	—
P-4	3	3	—	—	—	—	3	3
P-3	—	—					—	—
Subtotal	**4**	**4**	—	—	—	—	**4**	**4**
General Service								
Principal level	2	2	—	—	—	—	2	2
Other level	—	—	—	—	—	—	—	—
Subtotal	**2**	**2**	—	—	—	—	**2**	**2**
Total	**6**	**6**	—	—	—	—	**6**	**6**

Table 9
Financial resources requested
(Thousands of United States dollars)

Category	2008-2009 appropriation	Resource growth		Total before recosting	Recosting	Apportionment		2010-2011 estimate
		Amount	Percentage			United Nations	Pension Fund	
Posts	1 621.3	—	—	1 621.3	375.0	—	1 996.3	1 996.3
Total	**1 621.3**	**246.1**	**15.2**	**1 621.3**	**375.0**	**—**	**1 996.3**	**1 996.3**

	Cost estimate	Variance	
Posts	$1,621.3	—	—

49. The estimate of $1,621,300 provides for six continuing posts.

3. Operations Section

Table 10
Human resources requirements

Category	Established posts		Temporary posts		Extrabudgetary posts		Total	
	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-4	—	—	—	—	—	—	—	—

Category	Established posts 2008-2009	Established posts 2010-2011	Temporary posts 2008-2009	Temporary posts 2010-2011	Extrabudgetary posts 2008-2009	Extrabudgetary posts 2010-2011	Total 2008-2009	Total 2010-2011
P-3	1	1	—	—	—	—	1	1
Subtotal	**2**	**2**	**—**	**—**	**—**	**—**	**2**	**2**
General Service								
Principal level	2	2	—	—	—	—	2	2
Other level	7	7	—	—	—	—	7	7
Subtotal	**9**	**9**	**—**	**—**	**—**	**—**	**9**	**9**
Total	**11**	**11**	**—**	**—**	**—**	**—**	**11**	**11**

Table 11
Financial resources requested
(Thousands of United States dollars)

Category	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2010-2011 estimate
Posts	2 075.1	—	—	2 075.1	162.6	—	2 237.7	2 237.7
Total	**2 075.1**	**—**	**—**	**2 075.1**	**162.6**	**—**	**2 237.7**	**2 237.7**

	Cost estimate	Variance	
Posts	$2,075.1	—	—

50. The estimate of $2,075,100 provides for 11 continuing posts (1 P-5, 1 P-3, 2 General Service (Principal level), 7 General Service (Other level)). The zero resource growth is the result of maintaining the staffing level at the current level.

C. Programme support

1. Information Systems Section

Table 12
Human resources requirements

Category	Established posts 2008-2009	Established posts 2010-2011	Temporary posts 2008-2009	Temporary posts 2010-2011	Extrabudgetary posts 2008-2009	Extrabudgetary posts 2010-2011	Total 2008-2009	Total 2010-2011
Professional and above								
P-5	1	1	—	—	—	—	1	1
P-4	1	3	—	—	—	—	1	3
P-3	—	2					—	2
Subtotal	**2**	**6**	**—**	**—**	**—**	**—**	**2**	**6**

Category	Established posts		Temporary posts		Extrabudgetary posts		Total	
	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011	2008-2009	2010-2011
General Service								
Principal level	—	1	—	—	—	—	—	1
Other level	—	—					—	—
Subtotal	—	**1**	—	—	—	—	—	**1**
Total	**2**	**7**	—	—	—	—	**2**	**7**

Justification of new posts

51. The current technology team of the Information Systems Section, Investment Management Service, comprises of two established posts at the P-5 and P-4 levels, supported by one temporary position (general temporary assistance). In order to automate and streamline the business processing of the Investment Management Service, implementing industry best practices and mitigating operations and business risks as recommended by internal auditors, the Information Systems Section is requesting five additional information technology (IT) posts, three at the Professional level and two General Service, and the conversion of the existing general temporary position to an established post. In actual fact, the Information Systems Section is requesting an increase of three additional IT staff. In the budget cycle 2008-2009, the Investment Management Service agreed to transfer two of its established IT posts to IMSS in 2010 upon completion of the consolidation of information and communications technology (ICT). The implementation and the support of interbank messaging and the trade order management system depends greatly on these two posts in 2009. The eight new team members of the Information Systems Section will assist with the five business application implementations and will support eight specialized and mission-critical business applications, including the management of a highly complex investment data hub, databases and interfaces with market data feed systems. The new configuration of the Information Systems Section team, as recommended by several external studies will comprise the following posts:

Established posts

Senior Information Systems Officer (P-5)

52. The incumbent of the post manages and oversees the Information Systems Section of the Investment Management Service to ensure that substantive work programmes and programmed activities are maintained in accordance with high-quality standards and carried out in timely fashion. The incumbent of the position is responsible for preparing the work programme of the Information Systems Section, defining and executing the ICT strategy of the Investment Management Service, including developing and implementing industry best practices, and managing the investment data of the Investment Management Service.

Information Systems Officer (P-4)

53. The incumbent of the post reports to the Senior Information Systems Officer. He or she will focus primarily on the overall coordination of all business application implementation and support for the Investment Management Service. The incumbent

will ensure that the objectives and outputs of the Information Systems Section are met, namely, the straight-through processing, standardization of business processes and establishment of the golden database of the Investment Management Service. The incumbent of the post will be the second database security officer. In addition, he or she will be in charge of all data feed and foreign exchange trading applications.

Proposed additional posts

54. Given the importance and the criticality of the systems being implemented and the segregation of duties, the functions of the following posts are indispensable to ensure the high availability and security of the investment data of the Investment Management Service. Data quality assurance is essential in supporting sound investment decisions.

Database Administrator (P-4)

55. The incumbent of the Database Administrator post will report to the Senior Information Systems Officer. He or she will be responsible for administering the highly complex Investment Management Service databases including: the data hub, and operations, trader order management, compliance and SWIFT databases; ensuring the high availability of the database using the disaster recovery solutions of the Investment Management Service; the data validation and integrity; database security and confidentiality; developing and implementing backup and restore strategies; supporting the development of interfaces with various internal and external systems; monitoring and fine-tuning the performance of the databases; assisting with developing vital investment reports; and establishing and implementing industry best practices and standards. The incumbent of the position will be the first security officer for all business applications.

Information Systems and Security Officer (P-4)

56. The Information Systems Analyst will report to the Senior Information Systems Officer. The incumbent of the post will be responsible for providing a high-level infrastructure support to all business critical applications of the Investment Management Service; establishing the Investment Management Service application and data security policies and regulations using industry best practices; enforcing and monitoring security and regulation policies; developing and managing the system change control policies; liaising with IMSS on infrastructure requirements to support the Investment Management Service business applications, and on the IT requirements of the Investment Management Service for day-to-day operations, such as desktop applications and document management; pursuing the implementation of the ICT consolidation with IMSS and making certain that IMSS services are in line with the requirements of the critical business applications of the Investment Management Service; establishing the ICT infrastructure requirements to support the business applications of the Investment Management Service; drafting and monitoring the service level agreements governing the services provided by IMSS and others; developing a disaster recovery plan, ensuring the high availability of business applications and enabling business continuity; and liaising with IMSS and the Office of Information and Communications Technology on all issues related to ICT infrastructure. The incumbent of the post will also be accountable for the SWIFT and Financial Information Exchange protocol, guaranteeing their high availability and security.

Trading, Operations and Reconciliation Systems Officer (P-3)

57. The Trading, Operations and Reconciliation Systems Officer will report to the Information Systems Officer. The incumbent of the post will be responsible for maintaining three business applications: the trade order management system; the operations and multi-accounting system; and the reconciliation system. He or she will be responsible for maintaining the systems and applying all required upgrades to keep the systems in harmony with industry standards; develop ad hoc investment reports as required by Investment Officers; customize the user interfaces within the applications standards; support all Investment Management Service users with issues related to business applications; maintain user security policies and act as first security officer for business applications. He or she will also act as backup for the SWIFT, Risk and Compliance Systems Officer and liaise with the applications providers.

SWIFT, Risk and Compliance Systems Officer (P-3)

58. The SWIFT, Risk and Compliance Systems Officer will report to the Information Systems Officer. The incumbent of the post will be responsible for maintaining three business applications: the SWIFT system, the risk system and the compliance system. He or she will be responsible for maintaining the systems and applying all required upgrades to keep the systems in harmony with industry standards; develop ad hoc investment reports as required by Investment Officers; customize the user interfaces within the applications standards; support all Investment Management Service users with issues related to business applications; maintain user security policies; and act as second security officer for business applications. He or she will also act as backup for the Trade, Operations and Reconciliation Systems Officer and liaise with the application providers.

Senior Information Systems Assistant (General Service (Principal level))

59. The incumbent of the Senior Information Systems Assistant post will report to the Information Systems Officer and Information Systems and Security Officer. The incumbent will provide technical user support on all Investment Management Service business applications, including data feed systems such as Bloomberg and DataStream, the foreign exchange application FXALL and all office applications, such as document management. He or she will support and act as backup for the Trade, Operations and Reconciliation Systems Officer, and the SWIFT, Risk and Compliance Systems Officer. He or she will liaise with IMSS on all technical issues in coordination with the Information Systems and Security Officer.

60. The financial resources requested are set out in table 13.

Table 13
Financial resources requested
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
Posts	732.6	778.0	106.2	1 510.6	198.8	—	1 709.4	1 709.4
Contractual services	3 547.4	5 302.6	149.5	8 850.0	—	—	8 850.0	8 850.0

Category	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2010-2011 estimate
Operating expenses	319.5	280.5	87.8	600.0	—	—	600.0	600.0
Supplies and materials	—	60.0	100.0	60.0	—	—	60.0	60.0
Furniture and equipment	—	673.4	100.0	673.4	—	—	673.4	673.4
Total	**4 599.5**	**7 094.5**	**154.2**	**11 694.0**	**198.8**	**—**	**11 892.8**	**11 892.8**

	Cost estimate	Variance	
Posts	$1,510.6	$778.0	106.2%

61. The estimate of $1,510,600 will provide for two continuing posts and five proposed posts (2 P-4, 2 P-3, 1 General Service (Principal level)). The variance is due to the increase in the number of posts.

	Cost estimate	Variance	
Contractual services	$8,850.0	$5,302.6	149.5%

62. Resources of $8,850,000 are requested, with details given in table 14, for the biennium 2010-2011. In order to provide a robust and the best suitable supporting technology that guarantees high availability, security, efficiency and transparency for all the processes supporting the management and investment of all assets of the Fund, the critical business applications listed in paragraph 63 must be implemented, maintained, integrated and supported.

63. The new acquisitions and implementations for the next biennium 2010-2011 are:

(a) A multi-asset and multicurrency risk analysis and performance attribution solution ($1,020,000) is required to promptly monitor the Fund's investment performance and the risks undertaken. This tool, combined with a post-compliance risk tool, proactively identifies avoidable risks and the forces that drive underperformance;

(b) It is common practice for pension funds and asset management firms worldwide to have access to investment analysis tools ($800,000). Such tools, which typically comprise a sophisticated, quantitative, investment decisions support software programme linked to a globally consistent database platform, would be used by the Investment Management Service in connection with single stock, global sector, country and portfolio analysis. Given the increasing volatility of the equity markets, such an analytical tool is of critical importance to the Investment Management Service, which is accountable for the performance of the fund. This tool would be used across all regional investment teams at the Investment Management Service, resulting in a more consistent Pension Fund investment language and process;

(c) An investment operations (back-office) multicurrency portfolio accounting system solution ($1,300,000), which will facilitate timely, secure and accurate settlements of the investment transaction. In addition it will compute the daily investment accounting entries, accruals and amortizations. It will provide all required investment reports. It will maintain the settlements instructions. This

system will feed the trade order management system with all portfolio data, such as holdings, transactions, cash balances and so on, and trading information and will communicate securely with all banks and custodians via SWIFT;

(d) A compliance system ($600,000) will ensure the post compliance of all investment transactions with the pre-defined Investment Management Service compliance rules. This system will produce daily reports and alerts that will enable senior managers to monitor any investment breaches in a timely fashion;

(e) A reconciliation system ($750,000), which will facilitate the daily, timely and comprehensive reconciliation of data. It will reconcile the investment data of the Investment Management Service against the investment data provided by the custodians and master record-keeper. The reconciliation tool is essential in building a reliable and high-quality investment database (Investment Management Service investment data hub). It will generate reports and alerts that will allow senior managers to monitor in a timely fashion the quality of investment data of the Investment Management Service;

(f) A data hub system ($450,000) will constitute the golden copy of the investment data of the Investment Management Service. This system will ensure that all the investment data available are of high quality and compatible with the pre-defined quality rules of the Investment Management Service. This system is very important for three reasons: (i) it will facilitate the flow of the data; (ii) it will simplify the integration of all other systems; and (iii) it will contribute to the solutions generating value and allow smart risk management.

64. The following licences will be required:

(a) The trade order management system is being installed in 2009. The amount of ($750,000) will cover licence fees for two years. The 2009 annual licence fee amount is estimated at ($341,000). The trade order management system with pre-compliance module is an essential item in supporting a complete straight-through-process and duly protects the assets of the Fund using best security standards and communication protocols;

(b) The interbank message system SWIFT is being installed in 2009. The amount of ($220,000) will cover the maintenance and messaging charges for the next biennium. SWIFT is a vital component to implement a secure straight-through processing of investment transactions.

65. An average amount of ($125,000) per year is estimated for technical support for each business-critical application of the Investment Management Service. The estimated requirement for technical support includes the costs of application integration and interfaces.

66. An average amount of ($60,000) is estimated for the design and support for the disaster recovery plan for each business-critical application of the Investment Management Service. The Service will use the disaster recovery solutions made available by the Information Management Systems Section. Currently, electromagnetic compatibility technology is used.

Table 14
Contractual services
(United States dollars)

Category	*Estimate 2010-2011*
Risk analysis and performance attribution solutions (service licence)	1 020 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Investment analytical software (service licence)	800 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Order and trading system with compliance module (service licence)	750 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Back office and portfolio accounting system (service licence)	1 300 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Compliance system (service licence)	600 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Reconciliation (service licence)	750 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
SWIFT (service licence)	220 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Data hub (service licence)	450 000.0
Technical support	250 000.0
Disaster recovery support	120 000.0
Total	**8 850 000.0**

	Cost estimate	*Variance*	
Operating expenses	$600.0	$280.5	87.8%

67. The amount of $400,000 is provisioned to implement the Information Management Systems disaster recovery site in Geneva. The Service will be using the same location and solutions currently provided to the Fund by the ICC. This amount will cover hardware and software expenses. In addition, an amount of $200,000 is provisioned for an office space to be used if a disaster is declared. The current Information Management Systems disaster recovery office space contract with SunGard will be extended in the next biennium. It is crucial to have full redundancy and dedicated off-site facilities for immediate disaster recovery ("hot" site). This operation will be implemented in coordination with IMSS.

	Cost estimate	*Variance*	
Supplies and materials	$60.0	$60.0	100.0%

68. The provision of $60,000 is made for information technology miscellaneous expenses for purchasing digital recorders, printers, copiers, toner, disks and memory.

	Cost estimate	*Variance*	
Furniture and equipment	$673.4	$673.4	100.0%

69. Provisions in the amount of $673,400 are requested for the purchase of equipment for new staff and the replacement of obsolete equipment. In addition, provisions are requested for the acquisition of the UNICEF server hardware to support all IMD mission critical applications of the Information Management Systems. The UNIX platform will be retained because it provides a higher availability and security. Miscellaneous software will be required to manage the UNIX and relational database environments. Details are set out in table 15.

Table 15
Furniture and equipment
(United States dollars)

Category	*Estimate 2010-2011*
New users and replacement	
Desktops and dual display (20 pieces)	60 000.0
Laptops (20 pieces)	40 000.0
Blackberry devices (15 pieces)	3 000.0
Printers and scanners (20 pieces)	14 000.0
Subtotal	**117 000.0**
Supporting major projects	
UNIX Servers (10 pieces)	456 400.0
Miscellaneous Software	100 000.0
Subtotal	**556 400.0**
Total	**673 400.0**

2. Administrative support

70. The financial resources requested are set out in table 16 with the distribution between real resource growth and apparent resource growth (resources transferred from one section to another).

Table 16
Financial resources requested
(Thousands of United States dollars)

Category	2008-2009 appropriation	Resource growth: Amount	Resource growth: Percentage	Total before recosting	Recosting	Apportionment: United Nations	Apportionment: Pension Fund	2010-2011 estimate
Contractual services	1 240.5	(1 081.5)	(87.2)	159.0	—	—	159.0	159.0
General operating expenses								
Rental of premises	5 229.5	(2 901.0)	(55.5)	2 328.5	—	—	2 328.5	2 328.5
Rental of equipment	28.1	(11.7)	(41.6)	16.4	—	—	16.4	16.4
Operating expenses	63.2	757.8	1 199.1	821.0	—	—	821.0	821.0
External printing	22.2	—	—	22.2	—	—	22.2	22.2
Subtotal general operating expenses	**5 343.00**	**(2 154.9)**	**(40.3)**	**3 188.10**	**—**	**—**	**3 188.10**	**3 188.10**
Supplies and materials	101.2	(1.2)	(1.2)	100.0	—	—	100.0	100.0
Furniture and equipment	589.6	(563.0)	(95.5)	26.6	—	—	26.6	26.6
Total	**7 274.3**	**(3 800.6)**	**(52.2)**	**3 473.7**	**—**	**—**	**3 473.7**	**3 473.7**

	Cost estimate	Variance	
Contractual services	$159.0	($1,081.5)	(87.2%)

71. Provision is made for maintenance and minor construction projects related to the placement of additional staff in 2010-2011. The negative variance is owing to the completion of the major renovation project in 2009.

	Cost estimate	Variance	
Rental of premises	$2,328.5	($2,901.0)	(55.5%)

72. The estimate for rental of premises is predicated on occupancy of one complete floor in 1 Dag Hammarskjöld Plaza by the Investment Management Service and is based on the actual rental costs in the building. The negative variance is the result of the realignment of resources to operating expenses previously requested for rental and maintenance of premises.

73. The Fund occupies a commercial building and therefore is responsible for many of the costs that would usually fall under the purview of the Facilities Management Service. In this respect, the Fund is responsible for costs such as real estate taxes, tenants' portion of building operating expenses, cleaning and maintenance contracts (lighting, rodent control, fire equipment, air conditioning units), electricity usage, chilled water for supplementary air conditioners, repair and maintenance of equipment, use of freight elevator outside normal hours, removal of certain types of garbage, building passes and tenants' apportioned costs associated with any change in New York laws with regard to commercial buildings.

	Cost estimate	*Variance*	
Rental and maintenance of equipment	$16.4	($11.7)	(41.6%)

74. The fund leases photocopiers via the Information Technology Services Division. The decrease in costs is owing to the provision for two photocopiers to be located on the 20th floor based on current expenditure.

	Cost estimate	*Variance*	
Operating expenses	$821.0	$757.8	1,199.1%

75. The provision of $821,000 is made based on pro-rated current expenditures and is requested for chilled water charges ($268,000), electricity ($131,645), building operating expenses ($115,060), cleaning services ($90,102), renovations and repairs ($98,000), miscellaneous services ($51,000), air conditioning maintenance ($26,964), real estate taxes ($11,819), mailings ($8,000), fire inspection charges ($8,270), paper shredding charges ($3,440) and miscellaneous expenses ($8,700). The variance is the result of the realignment of resources from rental of premises requested for 2008-2009.

	Cost estimate	*Variance*	
External printing	$22.2	—	—

76. No increase is requested in the provision for external printing that covers miscellaneous printing, production of booklets and printing materials and an update of a glossary of investment terms.

	Cost estimate	*Variance*	
Supplies and materials	$100.0	($1.2)	(1.2%)

77. A provision of $100,000 is made for stationery, expendable photocopier supplies, the purchase of selective professional books and subscriptions to professional newspapers and magazines to follow the latest developments and academic discussion on investment and portfolio management theory and practices as well as for the staff of the Service to keep up-to-date on events and economic and political analysis around the world that might have an impact on the markets. In addition, the Information Management Service subscribes to cable television service to have access to real-time news coverage. The increase is based on the estimated quarterly expenditures during the current budget cycle and the increase in the number of staff in the Service.

	Cost estimate	*Variance*	
Furniture and equipment	$26.6	($563.0)	(95.5%)

78. A provision of $26,600 is made for the acquisition of miscellaneous furniture and office equipment. The decrease is owing to completion of the relocation of the Investment Management Service in biennium 2008-2009.

Annex IV

Supplementary information to the budget estimates for the biennium 2010-2011: audit costs

Table 1
Financial resources requested
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
External audit	682.1	(20.9)	(3.1)	661.2	—	110.2	551.0	661.2
Internal audit	1 907.6	(65.8)	(3.4)	1 841.8	204.7	341.1	1 705.4	2 046.5
Total	**2 589.7**	**(86.7)**	**(3.3)**	**2 503.0**	**204.7**	**451.3**	**2 256.4**	**2 707.7**

A. External audit

1. The amount of $661,204 is requested by the Board of Auditors to cover the estimated costs required for external audit of the Fund as a whole. Under the cost-sharing arrangement, it is estimated that approximately one half of the external audit costs will be expended on the audit of administrative costs and one half on investment operations. Of the costs apportioned to administrative operations, one third (or one sixth of the total) is borne by the United Nations.

B. Internal audit

Request and justification for increased resources

2. For the biennium 2010-2011, the Office of Internal Oversight Services (OIOS) needs to retain the existing level of staff resources (1 Section Chief post at the P-5 level, 2 Auditor posts at the P-4 level, 1 Auditor post at the P-3 level and 1 Auditing Assistant post (General Service (Other level)) to enable the Office to ensure sufficient audit coverage of the operations of the Pension Fund, which in turn will enhance the Fund's ability to accomplish its objectives by advancing efficiency, accountability and the establishment of cost-effective internal control mechanisms.

3. The requested allocation of resources will enable OIOS to provide required internal audit services to the United Nations Joint Staff Pension Fund's secretariat and the Investment Management Service in accordance with the Fund's audit charter and generally accepted industry standards for the audit of pension funds. An estimated 16 audits and four advisory services, in addition to one comprehensive enterprise-wide risk assessment, will be carried out in the biennium 2010-2011 at the Fund's offices in New York and Geneva. OIOS also plans to present six reports to the Pension Board Audit Committee on the status of the internal audit programme of work. Without the provision of the anticipated resources by the Fund, OIOS will be unable to render the audit services required to ensure effective and sufficient

coverage of the Fund's high- and medium-risk operations, since this is not included in the regular budget submission of OIOS.

Table 2
Financial resource requirements
(Thousands of United States dollars)

		Resource growth				*Apportionment*		
Category	*2008-2009 appropriation*	*Amount*	*Percentage*	*Total before recosting*	*Recosting*	*United Nations*	*Pension Fund*	*2010-2011 estimate*
Other staff costs	1 534.1	21.8	1.4	1 555.9	204.7	293.4	1 467.2	1 760.6
Consultants	—	80.0	100.0	80.0	—	13.3	66.7	80.0
Travel	76.0	(44.1)	(58.0)	31.9	—	5.3	26.6	31.9
Contractual services	266.3	(146.3)	(54.9)	120.0	—	20.0	100.0	120.0
Communications	—	14.0	100.0	14.0	—	2.3	11.7	14.0
Operating expenses	22.4	6.8	30.4	29.2	—	4.9	24.3	29.2
Supplies and materials	4.5	3.5	77.8	8.0	—	1.3	6.7	8.0
Furniture and equipment	4.3	(1.5)	(34.9)	2.8	—	0.5	2.3	2.8
Total	**1 907.6**	**(65.8)**	**(3.4)**	**1 841.8**	**204.7**	**341.1**	**1 705.4**	**2 046.5**

Analysis of resource requirements

	Cost estimate	*Variance*	
Other staff costs	$1,555.9	$21.8	1.4%

4. Resources amounting to $1,534,100 for general temporary assistance will provide for five continuing posts (1 P-5, 2 P-4, 1 P-3, 1 General Service (Other level)). The increase is owing to the additional provision of $21,845 proposed to cover training courses for Pension Fund audit staff to update substantive skills.

	Cost estimate	*Variance*	
Consultants	$80.0	$80.1	100.0%

5. The requested resources will provide for expert consultancy services to assist OIOS in auditing complex real estate and alternative investments ($15,000), information and communications technology systems ($15,000) and ICT consultancy for the United Nations Pension Administration System ($15,000). The resource growth is the result of realignment of resources from contractual services and two additional consultancies related to audits of the Investment Management Service ($35,000).

	Cost estimate	*Variance*	
Travel	$31.9	($44.1)	(58.0%)

6. The provision of $31,920 is requested to cover projected travel on official business in the biennium 2010-2011. The reduction is owing to the decrease in the number of trips planned for audits conducted in Geneva.

	Cost estimate	*Variance*	
Contractual services	$120.0	($146.3)	(54.9%)

7. The requested resources will provide for the comprehensive enterprise-wide risk assessment of the Fund operations in 2011 ($120,000). The negative variance is owing to the realignment of resources to consultants.

	Cost estimate	*Variance*	
Communications	$14.0	$14.0	100.0%

8. Provision is made for telephone and facsimile services for the biennium 2010-2011.

	Cost estimate	*Variance*	
Operating expenses	$29.2	$6.8	30.4%

9. The amount of $29,200 reflects increased requirements to cover the share of Information Technology Services Division hosting services for auditing software ($4,600), the share of rental and maintenance of data processing equipment ($4,000), Paisley AutoAudit for five posts ($2,000) and service level agreements for five posts ($18,600).

	Cost estimate	*Variance*	
Supplies and materials	$8.0	$3.5	77.8%

10. The amount relates to the cost of stationery and office supplies ($5,000), library books, subscriptions and standing orders ($3,000) requested for the biennium 2010-2011.

	Cost estimate	*Variance*	
Furniture and equipment	$2.8	($1.5)	(34.9%)

11. The amount provides for the acquisition of office automation equipment for two staff members.

Annex V

Cost-sharing arrangement between the United Nations and the United Nations Joint Staff Pension Fund

Background

1. The sharing of the costs of administering the Fund is based on articles 4 (a) and 15 of its Regulations. Article 4 (a) provides that "the Fund shall be administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization, and a secretariat to the Board and to each such committee". Article 15 provides that "(a) Expenses incurred by the Board in the administration of these Regulations shall be met by the Fund; (b) Biennial estimates of the expenses shall be submitted to the General Assembly for approval; and (c) Expenses incurred in the administration of these Regulations by a member organization shall be met by that organization".

2. The expenses of individual member organizations under article 15 (c) relate to the costs of their local staff pension committee secretariats, the associated costs of local pension secretariat services provided to the Fund participants employed by the organization concerned, and the review of the medical service of each member organization for disability cases. Those expenses are borne entirely by the budgets of the member organizations.

3. The administrative arrangements between the Fund and the United Nations and its affiliated programmes are more complex because, among other things, the United Nations serves as the host organization for the Fund, the Secretary-General of the United Nations is responsible for the investments of the Fund, and the Fund's secretariat provides pension secretariat services for the United Nations and its affiliated funds and programmes in respect of which a contribution is made by the United Nations in section 1 of its regular budget.

4. As the host and lead organization, the United Nations has also provided other facilities and services without charge, including administrative, language training, staff payroll, procurement, conference and other related services.

5. For many years, in accordance with the apportionment formula agreed to by the Board and the General Assembly in 1954 and reconfirmed as reasonable in 1979, the United Nations share included one third of the total cost of established posts, related common staff costs and overtime, as well as a contribution to the identifiable costs of communications.

6. During the review of the cost-sharing arrangement by the Pension Board in 1998 (see A/53/9) the Fund secretariat and the United Nations Administration jointly concluded that the one third/two thirds formula continued to be reasonable and fair. It was also agreed that, if the one third/two thirds formula was a fair assumption for the reimbursement of staffing costs, it should also be used for costs that had previously not been shared: general temporary assistance, computer, office space and audit costs.

7. The United Nations agreed that one third of the cost of space occupied by the Fund secretariat in New York and Geneva, excluding space occupied by the Investment Management Service, would be absorbed by the United Nations and that

two thirds would be borne by the Fund. The United Nations would not absorb any of the costs related to the Investment Management Service.

8. The United Nations agreed to continue to fully absorb the costs related to the other services and facilities provided to the Fund, such as staff payroll processing, personnel and procurement functions, miscellaneous supplies and certain telecommunications costs and so on, on the understanding that should there be any adjustment to the agreement reached as to the one third/two thirds formula or should any requests be made for additional costs to be absorbed by the Organization, the United Nations would reserve its position on the full absorption of such indirect costs.

Funding mechanism

9. The administrative costs of the Pension Fund are therefore funded from three sources: the principal of the Fund; the United Nations regular budget; and other agencies. This is in conformity with the cost-sharing arrangement explained above, which stipulates that in return for the Fund acting as the secretariat of the staff pension committees of the United Nations and other funds and programmes, the United Nations provides certain services to the Fund free of cost. In addition, the United Nations and other agencies will fund a proportion of administrative and audit costs. A consolidation matrix of cost-shared charges and General Assembly resolution 53/210 is below:

Administration	*Rate charged to the United Nations*	*Remarks*	*Reference document (A/53/9) approved by the General Assembly in its resolution 53/210*
Posts controlled by staffing table	1/3		A/53/9, para. 124
General temporary assistance	1/3		A/53/9, paras. 163-164
Consultants			
Overtime	1/3		A/53/9, para. 124
Travel of representatives			
Travel of staff			
Training			
Contractual services	1/3	Services provided by the International Criminal Court and other computer maintenance	A/53/9, para. 211
Hospitality			

Administration	*Rate charged to the United Nations*	*Remarks*	*Reference document (A/53/9) approved by the General Assembly in its resolution 53/210*
Rental of premises	1/3		A/53/9, paras. 157-159
Data processing and office equipment	1/3		A/53/9, paras. 157, 158 and 211
Operating expenses			
Communications	1/3		A/53/9, para. 124
Supplies, furniture and equipment	1/3	Computer software/ supplies, mainframe, telephone equipment, etc.	A/53/9, paras. 157, 158 and 211
External printing			
Audit — external	1/6		A/53/9, paras. 157 and 161
Audit — internal	1/6		A/53/9, paras. 157 and 161

10. This means that the whole of the cost of the Investment Management Service is charged to the Fund, and specific elements of administration are shared between the Fund and the United Nations on a ratio of two thirds and one third, respectively, and that both internal and external audit costs are shared five sixths to one sixth, respectively (auditors assume that 50 per cent of audit time is spent on the Investment Management Service).

11. The costs borne by the United Nations (which of course also include those borne by other agencies) are currently apportioned on a ratio of 63.1/36.9 between the United Nations and other funds and programmes. This ratio is set by the number of United Nations participants in the Fund divided by the number of participants of other funds and programmes at the time the proposed programme budget is prepared. This ratio is used for the entire biennium. Based on the participant figures as at 31 December 2008, the proposed ratio for the biennium 2010-2011 would be 70.9/29.1 between the United Nations and other funds and programmes.

Annex VI

After-service health insurance

1. At the end of their service, eligible staff members are entitled to after-service health insurance coverage. Such coverage has been provided for many years. In the past, the United Nations Joint Staff Pension Fund did not disclose the liabilities for end-of-service benefits (accrued leave and repatriation benefits) and after-service health insurance benefits in its financial statements, nor did it estimate the value of those liabilities.

2. In accordance with General Assembly resolutions 60/255 and 61/264, and in preparation for the adoption of the International Public Sector Accounting Standards (IPSAS), several United Nations entities have already made full disclosure of their end-of-service liabilities, including after-service health insurance, or have made an accounting entry for their liability for the 2007 and 2008 financial cycles. The Pension Fund will also come into full compliance with IPSAS requirements in the future. The current timeline for this process calls for the first set of IPSAS compliant financial statements to be issued following the closing of the accounts for 2012.

3. The United Nations Joint Staff Pension Board recommended that the Pension Fund obtain an actuarial assessment of all end-of-service liabilities, including after-service health insurance liabilities, and provide for those liabilities in its financial statements (see A/63/9, para. 58). The Pension Fund informed the Pension Board that it understood that the accrued after-service health insurance liabilities and future accrued expenses would be recognized on the face of the financial statements and that it would submit a detailed report to the Board in 2009 with financing options for further consideration by the General Assembly. The disclosure and provision of end-of-service liabilities would result in improved financial reporting. The Fund informed the Board that it would ensure that its staff were included as part of the United Nations Secretariat's population for evaluation of the accrued liabilities for after-service health insurance in the future.

4. Accordingly, in 2008 Mercer Company performed actuarial valuation of after-service health benefits to provide an estimate of the magnitude of the liability. Their results are summarized below. Mercer has estimated the liability of the Pension Fund as at 31 December 2007 for after-service health insurance for covered plan participants as follows:

(In United States dollars)

	Present value of future benefits	*Accrued liability*
Gross liability	46 482 000.0	34 765 000.0
Offset from retiree contributions	9 697 000.0	7 243 000.0
Net liability	**36 785 000.0**	**27 522 000.0**

5. The present value of future benefits is the discounted value of all benefits, less retiree contributions, to be paid in future to all current retirees and active employees expected to retire in the future.

6. The accrued liability represents that portion of the present value of benefits that has accrued from the employee's date of hire until the valuation date. An active employee's benefit is fully accrued when that employee has reached the date of full eligibility for benefits. Thus, for retirees and active employees who are eligible to retire with benefits, the present value of future benefits and accrued liability are equal.

7. To illustrate the difference between the present value of future benefits and the accrued liability, the net liabilities can be split as follows:

(In United States dollars)

	Present value of future benefits	*Accrued liability*
Current retirees	9 410 000.0	9 410 000.0
Active employees — currently eligible to retire	8 053 000.0	8 053 000.0
Active employees — not yet eligible to retire	19 322 000.0	10 059 000.0
Total	**36 785 000.0**	**27 522 000.0**

8. If the United Nations Joint Staff Pension Fund followed the accrual method of accounting for after-service health insurance, there would be an annual expense charged in the financial statements. If the Pension Fund had recognized this annual expense since the inception of the plan, funded the liability on a pay-as-you-go basis, had never modified the plan eligibility, benefits or contributions, and had never had actuarial gains or losses from experience different than expected, then the annual expense for 2008 in United States dollars would be:

Service cost	1 104 000.0
Interest cost	1 502 000.0
Annual expense	**2 606 000.0**

9. The service cost recognizes that portion of the liability for future benefits of active employees that accrues while an employee is in active service until that employee becomes eligible to retire. The interest cost recognizes that the liabilities are discounted with interest and are not funded.

10. Mercer concluded that if the Pension Fund were to adopt an accrual method of accounting, the annual expense would typically include additional components related to amortizations of the liability at the time of adoption, and of the change in liability owing to plan modifications or experience gains and losses.

11. The liabilities shown as at 31 December 2008 are projected based on liabilities as at 31 December 2007.

(In United States dollars)

	Fiscal year ending 31 December 2008
Accrued liability at beginning of year	27 522 000.0
Service cost	1 104 000.0

	Fiscal year ending 31 December 2008
Interest cost	1 502 000.0
Gross benefits	(556 000.0)
Retiree contributions	115 000.0
Actuarial (gain)/loss	
Accrued liability at end of year	29 687 000.0

Sensitivity of results

The liabilities as at 31 December 2007 were calculated on the basis of:

- Census data provided by the Pension Fund and premium and contribution data provided by the United Nations
- Actual retiree claims experience for the Aetna and the Empire Blue Cross medical plans, the worldwide Van Breda health-care plan, the Mutuelle health-care plan in Geneva, and the CIGNA dental plan; expected United States Medicare retiree drug subsidy receipts
- Various economic and actuarial assumptions
- Generally accepted actuarial methods and practices

Key assumptions and data

- Census data as at 1 January 2008
- Discount rate of 5.5 per cent
- Withdrawal, retirement and mortality assumption that are to be used in the actuarial valuation of the United Nations Joint Staff Pension Fund as of 31 December 2007
- Per capita health-care claim costs developed from recent paid claim experience
- United States Medicare retiree drug subsidy for retirees enrolled in the United States Medicare programme
- Health-care trend rates of 9.50 per cent in 2008, grading down to an ultimate rate of 5.0 per cent in 2015 and later for medical plans in the United States, and health-care trend rates of 5.70 per cent in 2008 grading down to an ultimate rate of 4.5 per cent in 2012 and later for medical plans outside the United States

12. Regarding funding of liabilities, the Pension Fund will follow the approach of the United Nations Secretariat, which will be conveyed to the General Assembly by the Secretary-General in a report in 2009. Prior to the publication of that report, the United Nations decided to set up a working group and that the Pension Fund would be part of it. As of April 2009, the working group had not been active. For the longer-term liability of the total calculated by Mercer, pending further discussion within the United Nations as to the approach it will adopt, the Pension Fund will await the outcome of that further discussion. For the accounts as at 31 December 2008, the Fund has disclosed the amount already charged in the form of a note to the balance sheet.

Annex VII

Discussions in the United Nations Joint Staff Pension Board on the revised budget estimates for the biennium 2008-2009 and on the budget estimates for the biennium 2010-2011

Administrative matters of the Fund

(a) Revised budget estimates for the biennium 2008-2009

1. The Board took note of the revised budget estimates for the biennium 2008-2009, as reflected in the performance report submission made by the Secretary/Chief Executive Officer, and the proposed budget for the biennium 2010-2011.

2. The Board decided to form an ad hoc working group composed of two members from each of the constituent groups and two representatives from the Federation of Associations of Former International Civil Servants to review the revised budget estimates for the biennium 2008-2009 and the proposed budget estimates for the biennium 2010-2011 and to make recommendations to the Board.

3. On the basis of the review by the working group, the Board took note of the proposed reduction to the budget for the biennium 2008-2009 of $21,709,300 compared with the approved appropriations. The revised appropriations for the biennium 2008-2009 would then amount to $131,489,800, of which $18,712,000 is chargeable to the United Nations under the cost-sharing arrangement.

(b) Budget estimates for the biennium 2010-2011

4. The Pension Board considered the budget estimates for the biennium 2010-2011, reflecting proposed expenditures of $197,045,200 (before recosting), as compared with the total of $153,199,100 for the biennium 2008-2009. The budget submission was presented in gross terms, and, for each category of expenditure, the provision was apportioned between the Fund and the United Nations under the cost-sharing arrangement. In addition, the estimates provide for extrabudgetary costs in the amount of $163,200 for after-service health insurance.

5. The Secretary/Chief Executive Officer introduced the document and addressed each of the four main components of the budget, namely, administrative, investment, audit and Board costs. With regard to administrative costs, the request for additional resources related primarily to the implementation of the Integrated Pension Administration System project, the recommendations of the whole office review, the new accounting standards and the operational requirements owing to the continuing growth in the number of participants and periodic benefits in payment. The request was for a total of 27 additional established posts and 3 reclassifications. Resources were also requested for additional office space owing to the projected increase in staffing.

6. Under investment costs, resources requested by the Representative of the Secretary-General were for 14 additional posts and the reclassification of 2 posts. The Representative of the Secretary-General presented the budget requirements for the Investment Management Service to the Pension Board noting that investment costs were directly charged to the principal of the Fund and not to member

organizations. He also noted that the Investment Management Service is one of those areas in which false economies on posts could open dangerous operating gaps that could lead to losses in the millions.

7. The Representative of the Secretary-General pointed out that savings of approximately $17.8 million over approved appropriations for 2008-2009 was a result of the deferral of indexation and publicly traded real estate investments and the reduced costs of small capitalization manager fees, which were based on portfolio performance. Five major projects for risk, electronic trade order management system, compliance, portfolio accounting and SWIFT would be on target for completion in 2010. SWIFT had already been implemented in the first week of July 2009.

8. For the biennium 2010-2011, the investments costs were projected to increase by 16.9 per cent in real terms, which was relatively modest in the overall context of the Pension Fund budget. The Representative of the Secretary-General elaborated on the reasons why an additional expenditure of $12.6 million at 2008-2009 rates (composed largely of $2.2 million for posts and $8.9 million for contractual services) was needed in 2010-2011 for investment management mandates to be effectively fulfilled:

(a) Posts — the current staffing level of 49 persons responsible for the investment management of over $30 billion was inadequate, for the Fund had decided against outsourcing and was thus placing heavy reliance on the internal management of over 90 per cent of the Fund's assets. There have been a number of dangerous gaps in staffing in which essential ongoing functions were staffed by a single individual. This had been found to be fundamentally unsound and was considered to be a recipe for future breakdown. This situation would be compounded with the introduction of new systems for risk, compliance, trade order management, SWIFT and portfolio accounting. The review of the functional model in R.10 is the fourth in a series of external consultant reports that confirmed the urgent need to strengthen the staffing base in order to provide backup in the areas of investment, risk management and information technology support;

(b) Non-posts items — the bulk of this requirement was being sought as a risk amelioration strategy to provide for costs related to the restructuring of the custodial and master record-keeper arrangements. Although these were consolidated as an economy measure, the risk of being totally dependent on a single custodian and master record-keeper at the same time was unacceptable in the current volatile environment based on lessons learned from the disappearance of significant financial entities, such as Bear Stearns and Lehman Brothers. This independence would ensure the separation of functions. Moreover, there was a need to improve the advisory services arrangements.

9. The Representative of the Secretary-General emphasized that the implementation of the requested budget for 2010-2011 would help ensure that the pension fund investment management function is on a sound footing, ameliorating all manageable risks and using robust IT systems of the same quality available to external managers.

10. The provision under audit costs reflects maintenance levels for the Board of Auditors and the Office of Internal Oversight Services.

11. Provision was made for Board expenses to reflect additional meetings of the Board.

12. As in previous years, extrabudgetary resources for after-service health insurance, funded by member organizations participating in the scheme, were also requested.

13. The representative of executive heads recommended that in future, the budget document have a more strategic orientation. In this context, executive head representatives invited the Chief Executive Officer and the Representative of the Secretary-General to develop a set of key performance indicators to be presented to the Board at its next session, in particular to put in context the development of the yearly administrative costs as compared with the contributions received and benefits paid during the same year.

General comments

14. The working group reviewed the budget proposal of the Fund, which amounted to a request for $197,045,200 (before recosting) for the biennium 2010-2011, consisting of $107,162,100 for administrative costs, $87,280,100 for investment costs, $2,503,000 for audit costs and $100,000 for board expenses.

15. The proposed budget reflects a real increase of 28.6 per cent compared with the approved budget for 2008-2009 and 50 per cent when compared with the revised budget for 2008-2009. After recosting, the proposed budget for 2010-2011 amounts to $214,999,800, representing a nominal growth of 63.5 per cent. In terms of post requirements, 41 additional posts have been proposed, 27 in administration and 14 in the Investment Management Service.

Presentation and methodology

16. The working group considered that the budget presentation should be improved in the future budget proposals: (a) to reflect clearly the delayed recruitment factor pertaining to the prior biennium; (b) to clearly and completely represent the recurrent and non-recurrent costs pertaining to both the prior and the proposed biennium budget; and (c) to apply the United Nations salary standard costs appropriately and demonstrate the inflation and currency effect applied for non-staff cost under the column heading "recosting". Moreover, the working group noted a few inaccuracies, such as the United Nations portion of the increase/decrease shown in the revised estimates for the biennium 2008-2009, which was corrected and reissued by the Secretariat.

17. While the working group appreciated the details provided in the 183-page document submitted to the Board, it regretted that the document had not been made available in sufficient time before the Board meeting. It also found that the presentation of the budget could have been more transparent and focused, stating, explaining and justifying clearly the priorities as well as additional resource requests, so as to facilitate the work of the working group and the Board, given the very limited time available for analysis. The working group expressed the view that in the light of the extent of work required to review the proposals, the budget document should be made available to the Board one month before the annual meeting, at the latest.

18. The working group recommended that the final document containing the revised budget estimates and budget proposals be cleared by both the Chief Executive Officer and the Representative of the Secretary-General before submission to the Board.

19. All recommendations by the working group were expressed in figures before recosting. In this respect, the working group drew the attention of the Secretariat to the fact that the post recosting had not been performed accurately, applying the delayed recruitment factor in the base and applying 100 per cent in the recosted figures for 2010-2011, resulting in inflated recosting amounts. The working group requested that correct standard costs with the appropriate delayed recruitment factors be applied when revising the tables before the final approval by the Board. This request was complied with.

20. The working group also noted that no recosting had been applied under non-post items. The Secretariat explained that the figures under the "before recosting" heading already reflected the recosted figures. The working group recommended that this be corrected in the next budget presentation.

General remarks of the working group on the proposal and rationale for the recommendations

21. The working group noted that the programme activities proposed were in general technically justified. However, the working group considered that given past budget implementation, the totality of activities presented for the biennium was overly optimistic. On those grounds, a prioritization of the activities proposed was requested from and provided by both the Chief Executive Officer and the Director of the Investment Management Service, and it is on that basis that the working group proposed the budget revisions.

22. In respect of post requirements, the working group understood that the proposal took into account the recommendations contained in the whole office review, which was carried out and submitted to the Board in 2008 to provide a medium-term vision of the staffing needs of the Fund. However, the working group realized that the recommendations made in the whole office review had not translated into a human resources plan with phased implementation during a four- to six-year period, as requested by the Board in 2007. This situation made it difficult for the working group to determine the degree of urgency and priority within the requested post complement. In examining the proposal in the budget document, the working group could thus not entirely avoid following a certain piecemeal approach in evaluating the staffing requests presented.

23. The working group recommended that the Fund, as previously requested, provide the Board with a document on its human resources plan over the medium term, taking into account the recommendations of the whole office review.

24. The working group also discussed with management the issue of the unoccupied space on the 20th floor of the building at 1 Dag Hammarskjöld Plaza and expressed its concern that rent had been paid by the Pension Fund for more than a year even though it had not been occupying the space.

Administration

25. The proposed budget under Administration totals $107,162,100 before recosting, representing a resource growth of 41.2 per cent compared with the approved budget for 2008-2009, and 48.6 per cent compared with the revised budget for 2008-2009.

26. The working group supported the start of the Integrated Pension Administration System project and the strengthening of the Operations Service.

27. The proposal included establishment of 27 additional posts and the reclassifications of 3 posts. The working group supported the establishment of the following 14 new posts:

Category/level	*Post title*
1 P-4	Senior Benefits Officer
1 P-3	Information Management Officer
2 General Service (Principal level)	Senior Benefits Assistant
2 General Service (Other level)	Benefits Assistant
1 D-1	Chief Finance Officer
1 P-3	Accountant — Geneva Office (proposed P-4)
1 P-4	Risk Management Officer
1 P-4	Information Systems Officer — Production Control and Quality Assurance
1 P-3	Information Security Analyst
1 General Service (Other level)	Legal Assistant (New York)
1 General Service (Other level)	Senior Staff Assistant (Chief Executive Officer's Office)
1 General Service (Other level)	Cashier Assistant (proposed Principal level)

28. In respect of the position of Chief Finance Officer, since it was considered that the incumbent of the post would be responsible for reflecting the financial situation of the Secretariat and for coordinating with the Representative of the Secretary-General concerning his responsibility under article 19 of the Regulations of the Pension Fund to maintain detailed accounts of all investments and all other investment-related transactions of the Fund, the definition of functions and recruitment should be done in close consultation between the Chief Executive Officer and the Representative of the Secretary-General for Investments. Moreover, the working group strongly advised that the profile for the post include significant knowledge and experience in IPSAS/International Financial Reporting Standards, in particular international accounting standard 26.

29. The working group did not support the establishment of a separate TERM unit. It supported the establishment of a post of Risk Management Officer at the P-4 level in the Chief Executive Officer's Office, to perform the functions outlined in annex II, paragraph 1.

30. The amount proposed under other staff costs totalled $9,256,400, which included recurrent and non-recurrent requirements for general temporary assistance, overtime, after-service health insurance and training.

31. In respect of general temporary assistance requirements for the Integrated Pension Administration System project, the working group supported all positions requested with the caveat below:

(a) All posts requested under General Service were proposed as Principal level, but the working group could support the establishment of the posts only at the Other level;

(b) The working group supported the establishment of the Procurement Officer post at the P-4 level for a period of one year only;

(c) All posts proposed should be established as temporary posts applying the appropriate standard cost as well as the delayed recruitment factor for costing purposes.

32. In summary, the following positions were supported under the Integrated Pension Administration System project:

Category/level	*Post title*
1 P-4	Project Coordinator (Participation)
1 P-4	Project Coordinator (Entitlements)
1 P-4	Project Administrator (Two-track)
2 P-3	Benefits Officer
1 General Service (Other level)	Project Assistant (Records Management Unit and Client Services)
1 P-4	Project Coordinator (Payments)
1 P-4	Project Coordinator (Integrated Pension Administration System)
1 P-4	Project Coordinator (Accounting)
3 General Service (Other level)	Project Assistant (Treasury and Cashier, Interfaces, Reconciliation)
1 P-5	Project Manager, Integrated Pension Administration System project
1 P-4	Manager Client Services and Benefits Entitlements
1 P-3	Systems Analyst (Pension Payments)
1 P-3	UNIX Administrator
1 General Service (Other level)	Computer Administrator
1 P-4	Procurement Officer (in the Procurement Division) — for one year only

33. The general temporary assistance at the P-5 level for the International Public Sector Accounting Standards/International Financial Reporting Standards project was not supported. Instead, an additional $100,000 was supported (over and above the requested $100,000) under consultancy.

34. The table below summarizes the recommendations of the non-post items. The resources under general operating expenses, supplies and materials, and furniture and equipment have been adjusted to reflect the number of posts recommended.

Table 1
(Thousands of United States dollars)

Consultants	437.6
Travel	1 428.1
Contractual services	27 784.7
Hospitality	4.0
General operating expenses	10 877.0
Supplies and materials	210.1
Furniture and equipment	6 000.0

Investment Management Service

35. The proposed budget under investment costs totals $87,280.10 before recosting, representing a resource growth of 16.9 per cent compared with the approved budget for 2008-2009 ($74,637.500), and 53.7 per cent compared with the revised budget for 2008-2009 ($56,782.500). The expected underexpenditure of $17.9 million is mainly under contractual services ($17.4 million) owing to the deferred implementation of indexation, the delay in hiring a manager for the publicly traded real estate fund, as well as to savings in the area of small capitalization management owing to poor market conditions.

36. The proposal included the establishment of 14 additional posts and the reclassification of 2 posts, and the working group supported the establishment of the following 9 posts:

Category/level	*Post title*
1 P-4	Investment Officer — North American equity
1 P-4	Investment Officer — fixed income
1 P-4	Investment Officer — real estate
1 General Service (Other level)	Investment Management Assistant — fixed income
1 P-4	Database Administrator
1 P-4	Information Systems and Security Officer
1 P-3	Trading, Operations and Reconciliation Systems Officer
1 P-3	Risk and Compliance System Officer — SWIFT
1 General Service (Principal level)	Senior Information Systems Assistant

37. Support for the establishment of the posts is given on the basis that the new management approach to investments adopted by the Investment Management Service is to continue to manage its investments internally. This would require the urgent filling of positions as backup positions in key investment areas. In addition, there is an urgent need to ensure proper automation of the investment transactions currently still being handled manually.

38. In respect of non-post items, the working group recommended a total of $65,948,000 as shown in table 2. This compares with the proposal of $72,989,300 and the 2008-2009 revised budget of $45,569,900.

Table 2
(Thousands of United States dollars)

Other staff costs	1 022.3
Consultants	1 828.8
Travel	2 000.0
Contractual services	56 426.9
Hospitality	22.0
General operating expenses	3 788.1
Supplies and materials	160.0
Furniture and equipment	700.0
Total non-post costs	**65 948.0**

Audit costs

39. The working group supported the request of resources for audit costs ($2,503,000).

Pension Board expenses

40. The working group supported the resources requested for Board expenses ($100,000).

Extrabudgetary funding

41. The working group supported the resources for one General Service (Other level) post, to be funded by member organizations participating in the scheme.

Recommendations of the Board

42. Based on the recommendations of the working group, the Pension Board approved, for submission to the General Assembly, the proposed budget estimates amounting to $179,131,200, comprising administrative costs ($95,104,300), investment costs ($81,219,200), audit costs ($2,707,700) and Board expenses ($100,000). This amount would be apportioned $155,708.9 to the Pension Fund and $23,422,300 to the United Nations under the cost-sharing agreement.

43. The above amounts for the biennium 2010-2011 have been adjusted to reflect the standard delayed recruitment factor for posts as recommended by the Pension Board, thus resulting in administrative costs of $94,468,300 and investment costs of $81,855,200. The amount of $179,131,200 after recosting remains unchanged. That amount would be apportioned $156,892,900 to the Pension Fund and $22,238,300 to the United Nations under the cost-sharing agreement.

44. In addition, the Board approved resources amounting to $162,600 from extrabudgetary funding for the processing of after-service health insurance premium payments for a number of member organizations, upon their request.

Summary of post requirements proposed for 2010-2011: recommendations of the Board

Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
Administration					
Executive direction and management					
Office of the Chief Executive Officer					
Office of the Chief Executive Officer	New post	Senior Staff Assistant	1	General Service (Other level)	Recommended
Legal Office	Reclassification	Chief, Legal Office	1	P-5 to D-1	Not recommended
	New post	Legal Assistant	1	General Service (Other level)	Recommended
Policy and analysis	New post	Senior Policy and Analysis Officer	1	P-5	Not recommended
	New post	Knowledge Management Officer	1	P-4	Not recommended
Technical evaluation and risk management team	New post	Chief, Technical evaluation and risk management team	1	D-1	Not recommended
	New post	Risk Management Officer	1	P-4	Recommended
	New post	Team Assistant	1	General Service (Other level)	Not recommended
Programme of work					
Operations					
Operations Section	New post	Senior Benefits Officer	1	P-4	Recommended
	New post	Information Management Officer	1	P-3	Recommended
	New posts	Senior Benefits Assistant	2	General Service (Principal level)	Recommended
	New posts	Benefits Assistant	2	General Service (Other level)	Recommended
	Temporary post	Project Coordinator (Participation), Integrated Pension Administration System	1	P-4	Recommended
	Temporary post	Project Coordinator (Entitlements), Integrated Pension Administration System	1	P-4	Recommended
	Temporary post	Project Administrator (two-track), Integrated Pension Administration System	1	P-4	Recommended
	Temporary post	Benefits Officer, Integrated Pension Administration System	2	P-3	Recommended

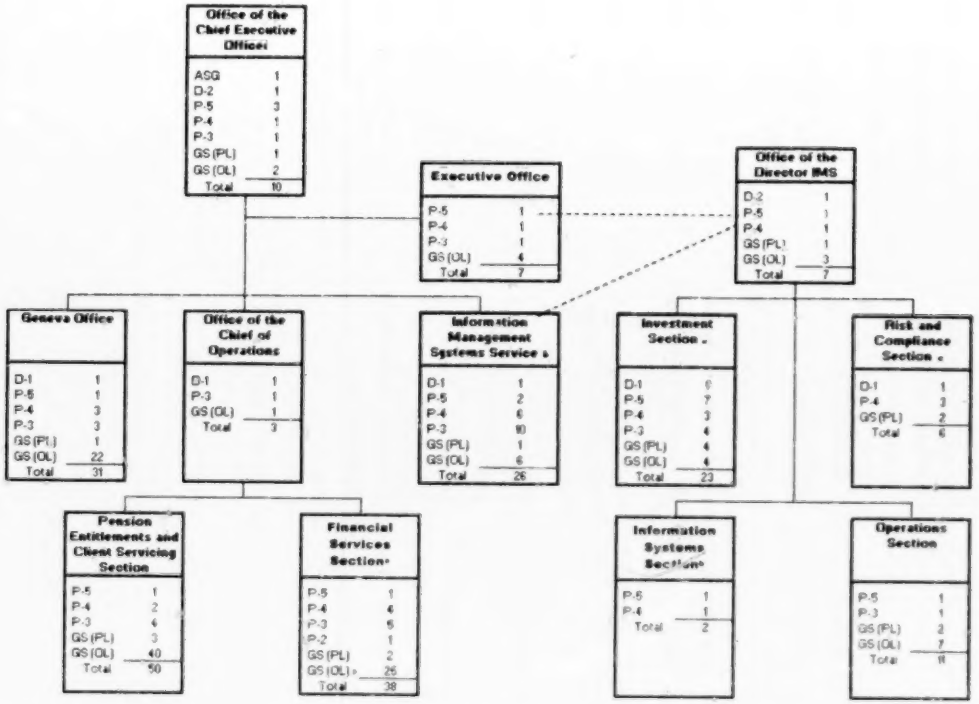
Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
	Temporary post	Senior Project Assistant (Records Management Unit and Client Services), Integrated Pension Administration System	1	General Service (Principal level)	Recommended at General Service (Other level)
Financial Services Section	New post	Chief Finance Officer	1	D-1	Recommended
	New post	International Financial Reporting Standards/IPSAS Specialist	1	P-4	Not recommended
	Reclassification	Accountant, Payment Unit	1	P-2 to P-3	Not recommended
	New post	Senior Assistant, Cashier's Unit	1	General Service (Principal level)	Recommended at General Service (Other level)
	Temporary post	Project Coordinator (Payments, Pension Adjustment System, Accounting), Integrated Pension Administration System	3	P-4	Recommended
	Temporary post	Senior Project Assistant (Treasury and Cashier, Interfaces, Reconciliation), Integrated Pension Administration System	3	General Service (Principal level)	Recommended at General Service (Other level)
Geneva office	New post	Accountant	1	P-4	Recommended at the P-3 level
	New post	Finance and Accounting Assistant	1	General Service (Other level)	Not recommended
	New post	Legal Assistant	1	General Service (Other level)	Not recommended
Programme support					
Information Management Systems Service	New post	Chief, Enterprise Information Manager (Database)	1	P-5	Not recommended
	New post	Senior Information Systems Officer — Project Management Office Coordinator	1	P-5	Not recommended
	New post	Information Systems Officer — Production Control and Quality Assurance Manager	1	P-4	Recommended

Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
	New post	Information Technology Contracts Management Officer	1	P-4	Not recommended
	New post	Information Security Analyst	1	P-3	Recommended
	Temporary post	Project Manager, Integrated Pension Administration System	1	P-5	Recommended
	Temporary post	Procurement Officer (in the Procurement Division), dedicated to the Integrated Pension Administration System	1	P-4	Recommended for one year
	Temporary post	Manager — Client Services and Benefits Entitlements, Integrated Pension Administration System	1	P-4	Recommended
	Temporary post	Systems Analyst (Pension Payments), Integrated Pension Administration System	1	P-3	Recommended
	Temporary post	UNIX Administrator, Integrated Pension Administration System	1	P-3	Recommended
	Temporary post	Computer Administrator (Network Support), Integrated Pension Administration System	1	General Service (Principal level)	Recommended at General Service (Other level)
Executive Office	New post	Human Resources/ Training Officer	1	P-3	Not recommended
	New post	Administrative Assistant	1	General Service (Other level)	Not recommended
	New post	Travel Assistant	1	General Service (Other level)	Not recommended
	Reclassification	Facilities Management Assistant	1	General Service (Other level) to General Service (Principal level)	Not recommended
Investment					
Programme of work					
Investments	New post	Investment Officer — North American equity	1	P-4	Recommended
	New post	Investment Officer — fixed income	1	P-4	Recommended
	New post	Investment Officer — real estate	1	P-4	Recommended

Section	*Action*	*Post*	*Number of posts*	*Category*	*Remarks*
	New post	Investment Officer — responsible investments	1	P-4	Not recommended
	New post	Investment Officer — North American equity	1	P-3	Not recommended
	New post	Investment Management Assistant — fixed income	1	General Service (Other level)	Recommended
	Reclassification	Investment Management Assistant	2	General Service (Other level) to General Service (Principal level)	Not recommended
Risk and Compliance	New post	Risk Analyst	1	P-3	Not recommended
	New post	Risk Assistant	1	General Service (Other level)	Not recommended
Programme support					
Information Systems	New post	Database Administrator	1	P-4	Recommended
	New post	Information Systems and Security Officer	1	P-4	Recommended
	New post	Trading, Operations and Reconciliation Systems Officer	1	P-3	Recommended
	New post	SWIFT, Risk and Compliance Systems Officer	1	P-3	Recommended
	New post	Senior Information Systems Assistant	1	General Service (Principal level)	Recommended
	New post	Database Administrator Assistant	1	General Service (Other level)	Not recommended

Annex VIII

United Nations Joint Staff Pension Fund: approved organization chart for the biennium 2008-2009



Abbreviations: ASG, Assistant Secretary-General; GS, General Service; PL, Principal level; OL, Other level.

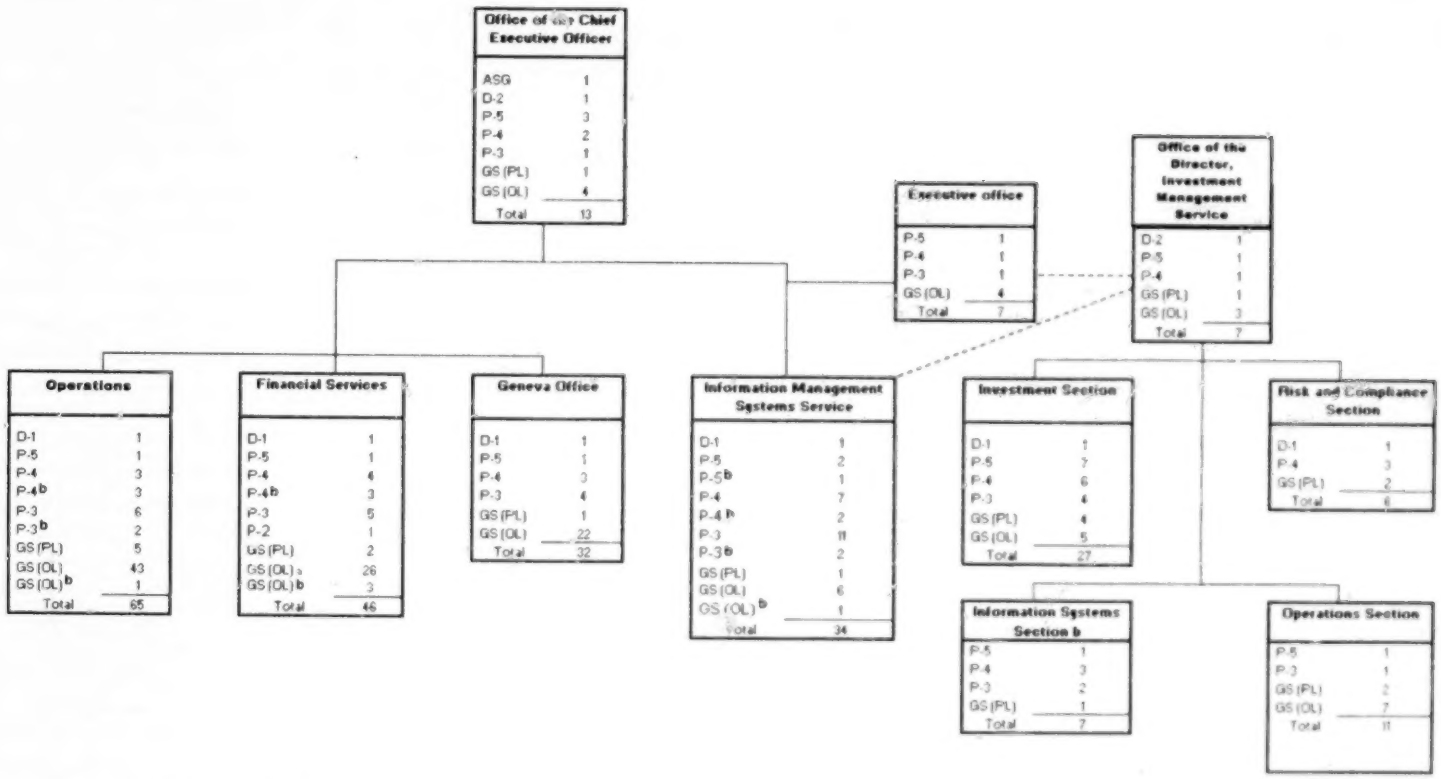
[a] One extrabudgetary General Service post is funded by member organizations.

[b] Two posts (1 P-4, 1 GS (OL) redeployed from Information Systems Section, Investment Management Service.

[c] One P-5 post in the Risk and Compliance Section redeployed to Investments Section in exchange for 1 P-4 post.

Annex IX

United Nations Joint Staff Pension Fund: proposed organization chart for the biennium 2010-2011



Abbreviations: ASG, Assistant Secretary-General; GS, General Service; PL, Principal level; OL, Other level.

[a] One extrabudgetary General Service post is funded by member organizations.

[b] Temporary post.

Annex X

United Nations Joint Staff Pension Fund: number of participants by member organization as at 31 December 2008

	Number of participants													
Organization	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
United Nations[a]	44 059	43 869	43 864	43 751	44 958	50 126	54 953	56 287	57 541	59 542	64 092	68 853	74 575	79 933
International Labour Organization	2 823	2 632	2 599	2 620	2 612	2 650	2 747	2 863	3 044	3 221	3 330	3 261	3 366	3 572
Food and Agriculture Organization of the United Nations	5 735	5 540	5 435	5 387	5 340	5 315	5 344	5 447	5 648	5 822	5 918	5 774	5 735	5 722
United Nations Educational, Scientific and Cultural Organization	2 561	2 667	2 588	2 650	2 629	2 452	2 414	2 437	2 517	2 528	2 508	2 469	2 526	2 553
World Health Organization	6 125	5 965	5 935	6 180	6 409	6 817	7 375	8 181	8 966	9 498	9 932	10 072	10 157	10 435
International Civil Aviation Organization	820	826	852	852	841	867	873	883	863	863	826	806	795	775
World Meteorological Organization	333	316	312	314	327	329	322	310	303	287	302	334	332	319
General Agreement on Tariffs and Trade[b]	476	538	529	542	7	4	3	1	—	—	—	—	—	—
International Atomic Energy Agency	2 146	2 057	2 053	2 075	2 068	2 076	2 125	2 168	2 207	2 217	2 261	2 278	2 273	2 229
International Maritime Organization	315	324	323	310	315	325	330	340	344	351	343	338	337	320
International Telecommunication Union	908	885	905	921	965	953	967	1 006	971	875	871	854	843	823
World Intellectual Property Organization	611	672	712	807	955	1 033	1 106	1 189	1 240	1 206	1 166	1 130	1 134	1 139
International Fund for Agricultural Development	302	295	298	332	338	344	383	435	462	488	506	502	519	526
International Centre for the Study of the Preservation and Restoration of Cultural Property	29	31	29	32	35	37	33	36	34	39	39	40	38	37

Organization	Number of participants													
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
European and Mediterranean Plant Protection Organization	10	11	11	12	12	12	12	11	11	11	11	12	12	13
United Nations Industrial Development Organization	1 455	1 163	1 064	921	851	810	813	821	786	791	783	753	759	779
International Centre for Genetic Engineering and Biotechnology	—	136	138	141	142	145	145	150	152	162	171	173	177	191
World Tourism Organization	—	70	72	74	78	79	79	83	88	95	90	99	100	95
International Tribunal for the Law of the Sea	—	—	18	20	25	27	30	33	34	34	36	36	36	38
International Seabed Authority	—	—	3	30	28	31	28	34	34	28	30	29	29	32
International Criminal Court[c]	—	—	—	—	—	—	—	—	—	298	431	578	719	809
Inter-Parliamentary Union[d]	—	—	—	—	—	—	—	—	—	—	37	40	45	45
International Organization for Migration[e]	—	—	—	—	—	—	—	—	—	—	—	—	2 059	2 419
Total number of participants	**68 708**	**67 997**	**67 740**	**67 971**	**68 935**	**74 432**	**80 082**	**82 715**	**85 245**	**88 356**	**93 683**	**98 431**	**106 566**	**112 804**
Total number of member organizations	**16**	**18**	**20**	**20**	**19**	**19**	**19**	**19**	**19**	**20**	**21**	**21**	**22**	**22**

[a] The number of United Nations participants for 2006 was revised down by two from 68,855 to 68,853.
[b] The General Agreement on Tariffs and Trade withdrew from the United Nations Joint Staff Pension Fund as from 31 December 1998.
[c] The International Criminal Court became the twentieth member organization of the Fund, with effect from 1 January 2004.
[d] The Inter-Parliamentary Union became the twenty-first member as at 1 January 2005.
[e] The International Organization for Migration became the twenty-second member as at 1 January 2007.

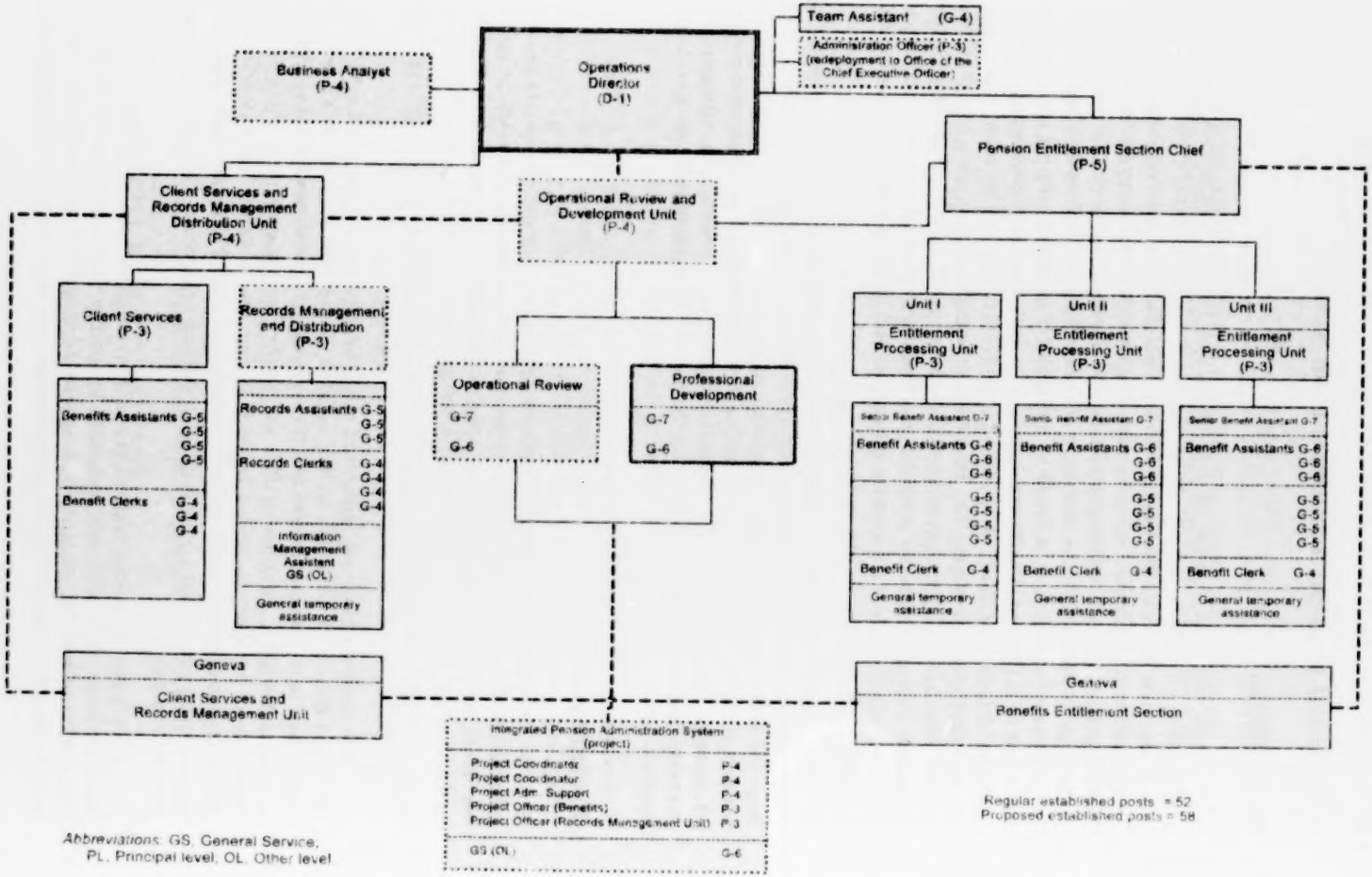
Annex XI

United Nations Joint Staff Pension Fund: Fund statistics, December 1995-December 2008

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*
Number of participants	68 708	67 997	67 740	67 971	68 935	74 432	80 082	82 715	85 245	88 356	93 683	98 431	106 566	112 804
Number of beneficiaries	38 914	41 433	43 149	44 633	46 199	48 069	49 416	51 028	52 496	53 879	55 140	56 705	58 084	59 945
Subtotal	**107 622**	**109 430**	**110 889**	**112 604**	**115 134**	**122 501**	**129 498**	**133 743**	**137 741**	**142 235**	**148 823**	**155 136**	**164 650**	**172 749**
Ratio (participants: beneficiaries)	1.8:1	1.6:1	1.6:1	1.5:1	1.5:1	1.5:1	1.6:1	1.6:1	1.6:1	1.6:1	1.7:1	1.7:1	1.8:1	1.9:1
(Thousands of United States dollars)														
Employee contributions	260 032	264 955	263 027	267 907	272 834	285 314	310 247	337 544	379 532	413 615	459 156	488 360	566 407	602 851
Employer contributions	517 518	535 782	524 463	533 885	543 823	569 233	618 387	672 139	756 900	825 215	913 615	975 192	1 106 279	1 186 447
Total contributions	**777 550**	**800 737**	**787 490**	**801 792**	**816 657**	**854 547**	**928 634**	**1 009 683**	**1 136 432**	**1 238 830**	**1 372 771**	**1 463 552**	**1 672 686**	**1 789 298**
Total benefit payments	**788 780**	**915 073**	**883 717**	**927 980**	**1 069 584**	**1 029 116**	**1 064 801**	**1 140 698**	**1 215 205**	**1 306 913**	**1 399 913**	**1 532 826**	**1 655 752**	**1 842 462**
Contributions minus benefit payments	-11 230	-114 336	-96 227	-126 188	-252 927	-174 569	-136 167	-131 015	-78 773	-68 083	-27 142	-69 274	-16 934	-53 164
Market value	15 187 804	16 913 379	18 526 325	21 795 940	25 577 614	23 848 302	21 527 878	20 573 815	25 749 260	29 245 673	31 428 274	36 308 791	41 381 230	31 052 129

Annex XII

United Nations Joint Staff Pension Fund: proposed new structure for Operations for the biennium 2010-2011



Annex XIII

Integrated Pension Administration System

Introduction

1. At its fifty-fifth session, in July 2008, the Pension Board took note with appreciation of a study carried out by the Fund and an external consulting firm, which recommended that the United Nations Joint Staff Pension Fund migrate to an Integrated Pension Administration System. The System will encompass the adoption of new process-driven working practices, the modernization of the information technology platform and the introduction, where required, of new systems. This programme of change was outlined in a high-level business case, which was also presented to the Board. The Board approved, in principle, the recommendations of the Chief Executive Officer to modernize the IT platform and to adopt a process-driven operational paradigm. The Board also requested that in the context of the budget for 2010-2011, a comprehensive proposal on the topic be developed and presented, including detailed costs for: (a) hardware; (b) software; (c) contractual services, including costs for systems integrators and other external consultants; and (d) other costs required for the project.

2. The Integrated Pension Administration System initiative will replace the Fund's ageing systems environment and provide increased capacity in accordance with the target operating model presented to the Pension Board at its fifty-fifth session, in 2008. This initiative will also lead to the development of enterprise-wide IT systems, which support a horizontal approach to transaction management, breaking down established silos, in favour of an end-to-end process-driven operational paradigm.

Background

3. In 2006, the Pension Board approved funding for a study that would provide parameters in terms of the time, costs and other requirements necessary to satisfy the goals for a new enterprise-wide pension administration system, including the building of an integrated information solution which would support the Fund, its staff, member organizations, its participants and retirees/beneficiaries, and all stakeholders well into the future.

4. The number of new participants in the Fund, plus the transfers and separations processed during the biennium ending in 2009, is expected to be some 81 per cent higher than in the biennium 1998-99. This substantial growth has been met with the help of automation, considering that the staffing component responsible for the related tasks has been increased by only 26 per cent over the same period. This 26 per cent increase in staffing, when compared with the 81 per cent growth in specific tasks carried out by the respective staffing component, confirms significant productivity gains.

5. Such gains have been realized primarily through technological improvements, such as more numerous and enhanced interfaces, as well as through further automation of benefit calculations. It should be noted that the Fund's automation initiatives, which started in 2001, have produced the desired results to accommodate

and compensate for increases in the volume of work, reducing the manual processing of benefits to a relatively small percentage of overall calculations.

6. It must be stressed, however, that although the staffing component directly involved with those tasks has been managing with commendable efficiency, its capacity to address the increasing volume of incoming tasks, which is only expected to grow, will be rapidly diminished if the staffing situation in Operations Services and the replacement of the legacy system environment is not addressed soon.

7. As confirmed by the whole office review study of May 2008, the Fund's plan design is complex, dictated in large measure by the worldwide environment in which the Fund operates. Its most unique characteristics include: (a) the two-track feature of the Pension Adjustment System; (b) the recognition of family status; (c) the management of currency fluctuations (which have an impact on cash flow management, liability assessment as well as asset allocation); (d) the worldwide scope of its payments; (e) the certificate of entitlements; and (f) the payment instructions processes. In addition to their uniqueness, those features are complicated by the requirement to administer them globally (in 190 countries) and manage benefit payments in 15 currencies, which involves dealing with a host of ever-changing foreign banking and regulatory requirements.

8. These complexities have a significant impact on the Fund's operational information technology systems. The Integrated Pension Administration System project is planned to bring a significantly more efficient use of resources via the modernization of the technological platform away from its COBOL-based programming and the migration from a case-driven to a process-driven operation. The project can therefore be considered an investment in the future operational set-up and control environment of the Fund that, in the longer run, will achieve cost reductions in operations and improve service levels.

9. In 2007, the Chief Executive Officer informed the Board that he had decided to establish the Integrated Pension Administration System (then Enterprise Resource Planning) Steering Committee in order to properly steer the activities required for the development and implementation of the System with the participation of representatives from all of the Fund's services and offices. The Committee's terms of reference, including its composition, were transmitted to the Board in document JSPB/54/R.26.

10. The working group recommended a six-phased approach to the Integrated Pension Administration System project:

(a) Undertake overall project planning and solution design;

(b) Document the existing processes of the Fund;

(c) Redesign the Fund's processes;

(d) Document the redesigned processes;

(e) Define the technology solutions, as per redesigned processes;

(f) Acquire and deploy the entire solution.

11. In line with the above-mentioned approach, the Fund, through the United Nations Procurement Division, retained a professional, specialized consulting firm to assist it in the review of the current state of the Fund's processes and IT

environment, in the mapping of all current processes, in the development of a new target operating model and in the development of a new IT architecture that would improve the Fund's overall operational efficiency and efficacy, as well as to improve service quality, while reducing risk. The Fund subsequently developed a summary report in the format of a high-level business case.

12. Given the importance of this project and the strategic framing it required, the Fund provided the consultants with the relevant strategic direction and feedback and contributed to the development of a strengths, weaknesses, opportunities and threats analysis.

13. The overall study was conducted over a three-month period commencing in July 2007. The retained consultants were experts in both pensions and information technology and undertook the following project activities:

(a) Stage 1 — current state assessment. The consultants reviewed the Fund's current operating environment to ascertain, from an independent perspective, what enhancements/changes could or should be considered to increase efficiency, reduce risk and enhance the experience of the participants, retirees/beneficiaries and member organizations which rely on the Fund's services. The project team (composed of staff members of the Pension Fund as well as the consultants) also mapped the Fund's current processes;

(b) Stage 2 — target operating model. The study proposed a future operating model for the Fund, based on the principles of process standardization and system integration, aimed specifically at addressing, where possible, the findings from the first stage of the study;

(c) Stage 3 — pre-implementation activities. The study suggested a number of activities which could be undertaken by the Fund to support the future changes recommended under the first two stages of the study;

(d) Stage 4 — high-level business case. The project team developed a complete project plan, determined the required resources and developed a high-level business case and a statement of requirements;

(e) Stage 5 — communications. The project team reviewed the main findings of the study and prepared an audiovisual aid for Pension Board members, which summarized the study's key findings. The Fund's senior management presented and discussed the main findings of the study with the Fund's staff during a series of meetings, including two ad hoc town hall meetings (in New York and Geneva). In addition, the preliminary findings of the study were shared with the secretaries of staff pension committees of member organizations with offices in Europe.

General observations

14. Based on the work performed during the assessment of the Fund's operation and information technology environments, the following conclusions were reached:

(a) The Fund's day-to-day processes are complex, and to some extent fragmented, with numerous hand-offs;

(b) The main pension administration system resides on a legacy mainframe system and is based on COBOL programming, which requires specialist IT staff to develop and maintain it;

(c) There is currently no standard hardware or software environment in use within the Fund;

(d) The availability and use of management information within the Fund is limited. In addition, the information that is available does not have a high degree of usefulness owing to the limitations of the work-type approach (e.g., cases might have to go through different work types to fully complete a process; cases remain open while a participant or beneficiary makes a decision; cases cannot be opened and closed on the same working day);

(e) Not all processes are currently supported by procedural guidelines, although activities are under way to address this;

(f) The provision of incomplete or inaccurate data to the Fund by member organizations has a serious impact on efficiency and is a major challenge to tackle. It was noted that some efforts are already under way to improve this situation;

(g) There are a number of staff in the Pension Fund who have a great deal of experience or knowledge, in both the IT and operational areas, who are due to retire shortly.

Objectives and high-level recommendations

15. In order to address the above findings, the consultants proposed re-engineered processes which are more consistent, are standardized where possible and are better supported by technology, and which will increase the ability of work to pass through the operation with little, if any, manual intervention (that is, increase the level of straight through processing) and reduce the number of hand-offs. In addition, a new target operating model (which encompasses the proposed re-engineered processes) was developed by the project team. The goals of the new target operating model, which will utilize a more modern and flexible information system solution and IT infrastructure, are to:

(a) Integrate and standardize processes to reduce exceptions to a minimum and ensure equal treatment in the processing of cases;

(b) Introduce one common central database throughout the Fund, based around the concept of individual records for contribution and entitlements, to reduce the number of internal interfaces, which currently stands at 48;

(c) Route the work more efficiently by more direct, comprehensive and intuitive workflows;

(d) Produce more meaningful management information, enabling better decision-making and strategic planning and enhancing member experiences through improved service standards;

(e) Improve the internal control environment by proactively "invoicing" contribution amounts rather than reactively "receiving" them and then reconciling them;

(f) Standardize the hardware and software platforms;

(g) Strengthen business continuity and disaster recovery capabilities through greater standardization.

16. The consultants, together with the Fund's management, analysed several options and recommended that the Fund undertake a programme of change by adopting a new operational process-driven paradigm to modernize its operation by introducing new systems where required and improving working practices. This option was chosen owing primarily to the fact that the core pension administration system is ageing and the processes are complex and fragmented. Introducing a new operating model based around the principles of process standardization and system integration will address those issues.

17. The Chief Executive Officer recommends that the corresponding programme of change outlined in the high-level business case as well as the resource requirements outlined in the Fund's budget submission for the biennium 2010-2011 be approved.

Project governance and organization

18. The Integrated Pension Administration System project will require commitment from all groups within the Fund. The successful completion of this project is fundamental to the ability of the Fund to service its constituency for the foreseeable future.

19. To assure the success of this project, the Chief Executive Officer directed the formation of the Integrated Pension Administration System Steering Committee. This Committee has representation from each of the Fund's functional groups.

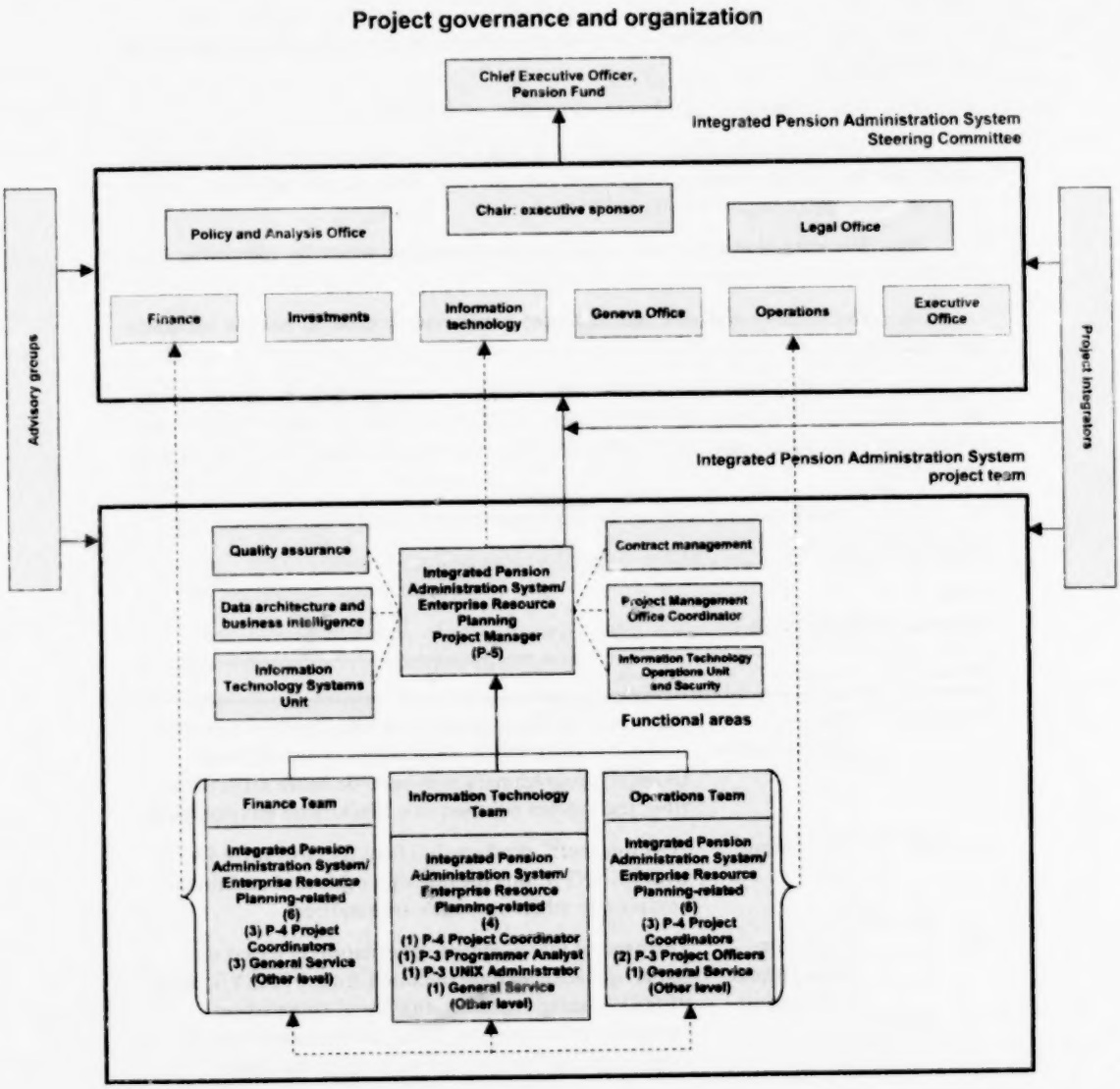
20. The Steering Committee is composed of seven members and a Secretary. The Deputy Chief Executive Officer serves as the chairman and executive project sponsor. Each member also designates ar alternate who will fulfil the member's responsibilities in case of unavailability or departure from the Fund. Once the project implementation starts, the manager(s) or team leader(s) from the selected system integration contractor will also participate (as ex officio members). The Steering Committee will also invite other individuals to participate in a particular meeting, when required.

21. The detailed planning and execution of the project will be the responsibility of the Integrated Pension Administration System Project Manager, who will report to the Steering Committee. The project team members will be in close communication with Pension Fund managers. The project team will include experts in change management, process management, administration, technology, finance and operations (subject matter experts in all substantive functions will also serve on the project team).

22. To ensure that all affected clients are involved to the necessary degree in planning, coordination and implementation activities, a number of advisory groups will be established. Those groups will serve as vehicles for communications and collaboration for the purpose of embedding the Integrated Pension Administration System project as a Fund-wide endeavour that requires the engagement of all stakeholders in the process.

23. Figure I illustrates the composition, structure and reporting lines of the proposed governance framework.

Figure I
Proposed governance framework



24. The Integrated Pension Administration System project cannot be properly initiated without a dedicated, adequately staffed project team, with required resources in place. Nevertheless, certain pre-implementation activities aligning the project with necessary improvements to the current operations have already been undertaken using limited existing resources.

Overall project planning and solution design

Current state assessment

25. This activity was performed in order to identify the daily and ad hoc/bulk processes performed by various functions within the Fund, followed by the steps required within each of those processes to understand:

(a) The actual detailed activities performed to meet the requirements of administering the Fund;

(b) The technology (hardware and software applications);

(c) The hand-offs that exist between the Fund's operation and other parties either within United Nations organizations or with specialized agencies and to external third-party organizations/individuals;

(d) The data flows to/from or within the operation either by electronic data interface or via other communication channels;

(e) The control and risk management environment used to ensure adequate governance;

(f) The attributes which make the Pension Fund unique, in terms of the design features, the truly global nature of United Nations organizations and specialized agencies and the demands this diversity places on the system architecture.

26. Table 1 presents an overview of the systems that should be replaced and the rationale of the needed changes.

Table 1
Systems to be replaced

Existing system	*Description*	*Rationale*
PENSYS	Pension administration	Written in COBOL (an ageing language); maintained internally since 1992. The system is ageing, and COBOL programmers will become more difficult to find; the system is based in a mainframe environment
Lawson	Accounting	"Off the shelf" product, but heavily customized to fit with PENSYS; this means high costs and additional complexity when upgrades are required
OIS	Workflow/ Management Information	The current management information is based on Excel spreadsheet data obtained from PENSYS; with PENSYS being replaced, the Excel spreadsheet becomes redundant; the Excel environment has significant limitations and may represent risks
Content Manager	Document management	The recent acquisition by IBM of FileNet (which provides an equivalent to Content Manager) has led IBM to announce that no further upgrades will be offered to Content Manager; in addition, support for the AS400 machine is being withdrawn

Target operating model

27. This activity was performed to introduce a high-level visual representation of the interaction of re-engineered processes and new technology based on the principles of standardization and integration. As already mentioned, the target operating model identified the need for:

(a) Integration and standardization of processes, resulting in minimal exceptions/failures and equal treatment in the processing of cases;

(b) One common database environment throughout the operation, based around the concept of individual contribution and entitlement accounts, thus resulting in fewer internal interfaces;

(c) Centralized, straight-through processing to reduce the number of hand-offs and increase through-put;

(d) Direct routing of work, supported where possible by comprehensive and intuitive workflows;

(e) The provision of more management information, enabling better decision-making and strategic planning and enhancing member experiences through improved service standards;

(f) Better internal controls, for example, proactively "invoicing" contribution amounts rather than reactively "receiving" them and then reconciling them;

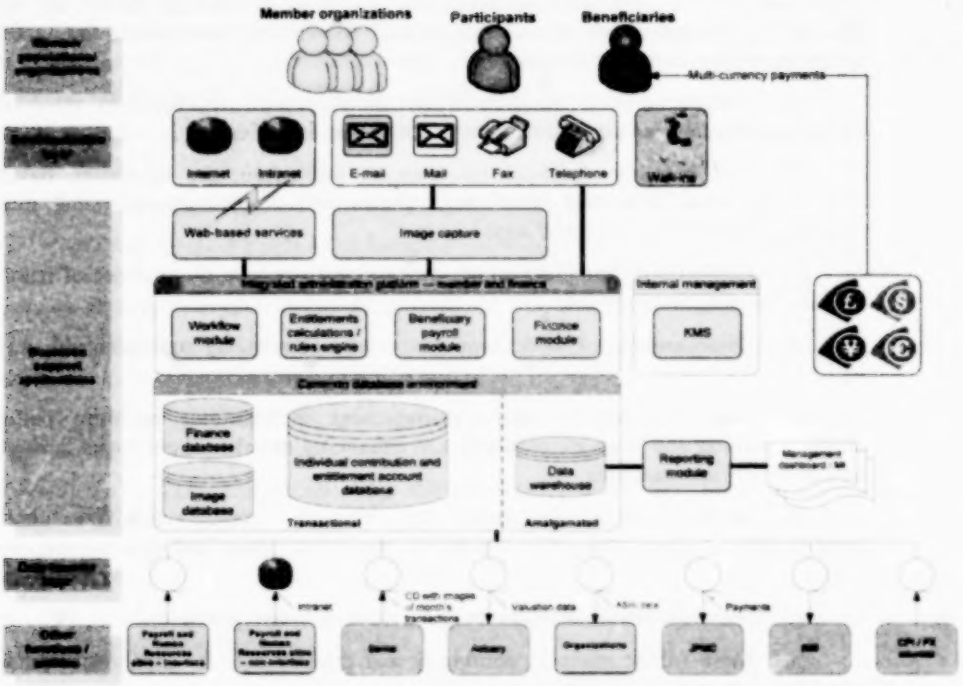
(g) Standardization of hardware and software, where possible;

(h) More robust business continuity and disaster recover capabilities made possible by greater standardization;

(i) Documentation of all systems and processes, coupled with good governance around version control and archiving.

28. The new implementable solution is illustrated in figure II.

Figure II
Target operating model



Abbreviations: ASHI, after-service health insurance; JPMC, J.P. Morgan Chase; IMS, Investment Management Service; CPI/FX, consumer price index and foreign exchange.

29. The Fund believes there are a number of benefits to be gained by performing the project outlined by the new target operating model, including:

(a) Enhancement of day-to-day operations;

(b) Increase in operational capacity (to be able to service the expected increase in retirement during the next few years);

(c) Modernization of the IT platform (replace ageing platforms);

(d) Bridging of knowledge transfer;

(e) Improvement in management information and analysis and planning capabilities;

(f) Reduction of operational risks through better controls and processes;

(g) Enhancement of the experience of those who use the service;

(h) The project is expected to be cost-neutral to the Fund in the medium term (the estimated payback time will be approximately 5 to 8 years depending on the assumptions of costs savings).

Pre-implementation activities

30. Based on project planning and solution design recommendations regarding pre-implementation activities, the following tasks will be completed within the biennium 2008-2009:

(a) Compilation of comprehensive data dictionaries of the current systems (PENSYS and Lawson) where these do not exist or where they do not fully reflect the current database;

(b) Performance of detailed data analysis on the current systems as part of the data dictionary and, where appropriate, begin data cleansing — either by utilizing bulk programmes or, more likely, through the use of either existing or temporary staff;

(c) Initiation of the production/update of procedural documentation to underpin the process maps produced under the current state assessment;

(d) Initiation of the production/update of calculation worksheets to set out the complex and detailed calculation basis of the Fund and seek sign-off of them from experts within the operation and possibly from the consulting actuary;

(e) Initiation of the production/update/review of documentation which sets out the detailed data exchanges (interfaces) that exist between the current systems and other entities;

(f) Initiation of the definition of detailed test libraries covering the interfaces and calculations.

Project approval, procurement and initiation

31. In order to be able to achieve the planned timescales and activities considered during the planning and solution design phase (with a full implementation target date of November 2013), and considering the scale, complexity and change management aspects of the project, procurement and initiation activities should be completed by November 2010, as shown in table 2.

Table 2
Key milestones: Integrated Pension Administration System project approval, procurement and initiation

Phase	*Key deliverables*	*Delivery date*	*Status*
Project planning	• Current state assessment	July 2008	Complete
	• Target operating model	July 2008	Complete
	• High-level business plan	July 2008	Complete
	• Statement of requirements	July 2008	Complete
Project approval	• Agreement in principle by governing bodies to proceed with project	December 2008	Complete

Phase	*Key deliverables*	*Delivery date*	*Status*
Pre-implementation activities	• Planning	January 2009	Complete
	• Data dictionary (current state) definition	January 2009	Complete
	• Data cleansing (current state)	April 2011	In progress
	• Process documentation (current state)	March 2011	In progress
	• Technical documentation (current state)	December 2009	In progress
Resource approval	• Presentation and approval of project budget for the biennium 2010-2011	July 2009/ December 2009	In progress
Project team identification and selection	• Identify project management and project office coordination	March 2010	In progress
	• Draft job descriptions	October 2009	Open
	• Recruit project resources	July 2010	Open
In-job training stand-in team	• Train resources in order to release implementation team	October 2010	Open
Procurement of software, hardware and services	• Procurement Officer assigned by the Procurement Division	May 2009	Complete
	• Statement of requirements finalized by the Integrated Pension Administration System Steering Committee	November 2009	Open
	• Request for proposal circulated to vendors	December 2009	Open
	• Bidders conference	January 2010	Open
	• Evaluate vendor proposals	March 2010	Open
	• Contract negotiation with the Procurement Division	July 2010	Open
	• Contract development with the Office of Legal Affairs and contract awarded	September 2010	Open
Proof of concept	• Proof of concept testing	June 2011	Open

32. Once the project resources are approved and the procurement process is complete, the implementation plan will follow the processes associated with a standardized systems development methodology. Tasks associated with the design,

development and testing of the project will be monitored through an automated management tool, and progress will be reported monthly through the established governance structure.

33. The project implementation is expected to officially commence in November 2010, once the proof of concept has been tested and approved, and full implementation will be completed by November 2013, provided that adequate resources are approved and made available.

Implementation plan

34. Table 3 provides a summary of the key deliverables required for the successful and efficient implementation of the Integrated Pension Administration System project. It is proposed that the implementation of the System will span two bienniums (2010-2011 and 2012-2013). During that period, the proposed project will address the activities set out in table 3:

Table 3
Key milestones: Implementation deliverables of the Integrated Pension Administration System

Phase	*Key deliverables*	*Estimated delivery date*
Project mobilization	• Prepare project plan	September 2010
	• Mobilize project team	October 2010
	• Review and finalize functional scope	October 2010
Analysis and definition for each Integrated Pension Administration System module	• Study current state process maps for interfaces, transactions and management reporting	Complete
	• Fully document re-engineered process maps for interfaces, transactions and management reporting	November 2010
	• Refine current state baseline document	November 2010
	• Map current state to new Integrated Pension Administration System target operating model	December 2010
	• Gap analysis	December 2010
	• Conduct envisioning workshop	December 2010
	• Refine the target operating model	February 2011
	• Create data mapping document	February 2011
	• Define data migration strategy	February 2011
	• Sign off on the target operating model	February 2011

Phase	*Key deliverables*	*Estimated delivery date*
Design for all Integrated Pension Administration System modules	Prepare configuration design document with required customization	
	• Pension module	April 2011
	• Document management	April 2011
	• General ledger	May 2011
	• Accounts payable/receivable	May 2011
	• Cash management	May 2011
	Prepare interface design document with required customization	
	• Banking interface	July 2011
	• United Nations organizations and agencies interfaces for human resources and finance data, including contributions and after-service health insurance	August 2011
	• Content management interfaces for web systems	August 2011
	• Prepare reporting and data migration document	August 2011
Infrastructure setup	• Plan for procurement of hardware and software	December 2010
	• Install Integrated Pension Administration System servers	June 2011
	• Configure systems and perform unit testing	November 2011
	• Conduct first conference room pilot with demonstration of Integrated Pension Administration System modules to process owners	December 2011
Development	• Develop custom objects based on customization design documents	January 2012
	• Develop interfaces based on interface design document	January 2012
	• Develop reports based on report design document	January 2012

Phase	*Key deliverables*	*Estimated delivery date*
Testing	• System integration testing	March 2012
	• Enterprise pilot	April 2012
	• Establish user acceptance test strategy	April 2012
	• Perform first user acceptance test	September 2012
	• Correct deficiencies	October 2012
	• Perform second user acceptance test	December 2012
Implementation	• Prepare cutover strategy, plan and checklist	January 2013
	• User training	April 2013
	• Complete user, system and technical documentation	April 2013
	• Perform third user acceptance	June 2013
	• Cutover with production test	July 2013
Post-implementation	• Parallel testing	September 2013
	• Correct all problems	October 2013
	• Review and schedule requests for enhancements	November 2013

Resource requirements

35. The full deployment of the Integrated Pension Administration System project will require resources commensurate with the complexity and scope of the project over the course of its implementation, which is expected to take approximately two and half years (30 months) after the proof of concept has been tested and accepted. Once implemented, recurring expenditures will relate to upgrades, maintenance and the operation of the system.

Financial requirements

36. The overall cost of the project will be $22,660,300 as indicated in table 4. The estimated costs were developed using the same approach and methodology as in the high-level business case, which was developed in 2007 by the Integrated Pension Administration System project team with the assistance of external consultants and then presented to the Board in 2008 (see JSPB/55/R.22). The estimated project costs take into consideration a detailed analysis of resource requirements for the project team as well as updated figures for staff costs.

37. The Integrated Pension Administration System project should be considered as a capital project, benefiting the Pension Fund as a whole; therefore, funding should be allocated from the assets of the Fund.

Table 4
Summary of resource requirements for the biennium 2010-2013, by activity
(In thousands of United States dollars)

	Integrated Pension Administration System estimate before recosting (2010-2013)						
	2010-2011				*2012-2013*		
	Project (cost)			*Temporary*	*Project (cost)*		*Recurring maintenance*
Category	*(value)*	*(percentage)*	*Non-post (value)*	*posts (value)*	*(value)*	*Total cost (value)*	*cost (annual)*
Travel of staff	84.8	0.6	84.8			84.8	
Contractual services							
Procurement costs	89.3	0.6		89.3		89.3	
System implementation	10 947.4	77.5	8 406.3	2 541.1	6 478.8	17 426.2	
Maintenance							624.4
Subtotal contractual services	**11 036.7**	**78.2**	**8 406.3**	**2 630.4**	**6 478.8**	**17 515.5**	**624.4**
Furniture and equipment							
Hardware	3 000.0	21.2	3 000.0			3 000.0	
Licence fees							275.0
Subtotal furniture and equipment	**3 000.0**	**21.2**	**3 000.0**	**0.0**	**0.0**	**3 000.0**	**275.0**
Total	**14 121.5**	**100.0**	**11 491.1**	**2 630.4**	**6 478.8**	**20 600.3**	**899.4**
Contingency (at 10 per cent)						**2 060.0**	
Total project cost (including contingency adjustment)						**22 660.3**	

38. For the biennium 2010-2011, the Fund is requesting $14,121,500, which includes the amount of $2,630,400 for temporary posts for the Integrated Pension Administration System. As projected in the high-level business case and solution design, temporary posts will be used for the project.

39. It is also planned that the Fund will continue to utilize the United Nations machinery to procure goods and services and recruit a fully competent team of highly experienced individuals, gathered from internal and external sources.

40. It is estimated that the remaining funding of $6,478,800 will be allocated to the biennium 2012-2013 to complete the project. For the purposes of project planning, those funds will be allocated to contractual services. As requirements become better defined, those funds will be redirected to the appropriate object of expenditure and presented in the budget for the biennium 2012-2013.

41. As indicated in the high-level business case, it is estimated that recurring maintenance costs will amount to $899,400 per year, and are expected to start in 2014.

42. Given the nature and complexity of a project of this magnitude, a $2,060,000 contingency provision (equal to 10 per cent of the project cost) is included.

Requirements for temporary posts

43. The project team will comprise approximately 18 temporary staff members from the business and information technology functions and a full-time dedicated staff resource in the Procurement Division to perform pre-implementation, procurement-related, proof of concept and project implementation and testing activities. In addition, the project team will also devote time to train selected staff in the Fund's scheme design and working practices.

44. The team will remain in place throughout the tenure of the project. An experienced Project Manager, with support from project consultants experienced in implementing pension systems, will coordinate the overall system implementation effort. Suppliers and system integrators will work closely with the Integrated Pension Administration System project team.

45. To implement the Integrated Pension Administration System project, the Pension Fund will require substantial input from the operations and financial services of the Fund. To successfully implement the project, the Fund has identified certain temporary positions as defined in table 5.

Table 5

Requirements for temporary posts

(Thousands of United States dollars)

Proposed category/level	*Proposed title*
Operations (2010-2011)	
P-4	Project Coordinator (participation)
P-4	Project Coordinator (entitlements)
P-4	Project Administrator (two-track)
P-3	Benefits Officer
P-3	Benefits Officer
GS (OL)	Project Assistant (Record Management Unit and Client Services)
Financial Services Section (2010-2011)	
P-4	Project Coordinator (payments)
P-4	Project Coordinator (Pension Administration System)
P-4	Project Coordinator (accounting)
GS (OL)	Project Assistant (treasury and cashier)
GS (OL)	Project Assistant (interfaces)

Proposed category/level	*Proposed title*
GS (OL)	Project Assistant (reconciliation)
IMSS (2010-2011)	
P-5	Project Manager — Integrated Pension Administration System project
P-4	Manager Client Services and Benefits Entitlements
P-3	Systems Analyst (Pension Payments)
P-3	UNIX Administrator
GS (OL)	Computer Administrator (network support)
P-4	Procurement Officer in the Procurement Division dedicated to Integrated Pension Administration System project (one year)

Temporary posts for the Integrated Pension Administration System project in the Information Management Systems Service

Project Manager — Integrated Pension Administration System project (P-5)

46. The Integrated Pension Administration System project will be managed by a management team headed by an experienced Project Manager, with demonstrated success in undertaking similar pension-oriented system and enterprise projects. The incumbent of the Project Manager post will be responsible for the detailed project planning and execution of the Integrated Pension Administration System project. He or she will coordinate the overall project effort. Team members from various functional areas, including operations, finance, and human resources will report to the Project Manager. The incumbent will be directly responsible for project planning and scheduling, resource management, change management, process management, administration management, and technology management. He or she will also be responsible for coordinating the work of the Systems Integrator(s), who will align their tasks with the contracted statement of work following the guidelines of the Fund's System Development Methodology and Project Management framework. The incumbent should be familiar with implementing a complex programme of change and be able to address the multitude of complex concurrent project tasks and milestones in a timely, cost-conscious and professional manner.

Project Manager — Client Services and Benefits Entitlements (P-4)

47. The incumbent of the post of Project Manager — Client Services and Benefits Entitlements is required to support the IMSS Enterprise Systems team associated with the Integrated Pension Administration System project and would be involved in supporting the analysis and design of information systems relating to Benefit Entitlements. He or she will analyse the benefit entitlement processes and will work with the Integrated Pension Administration System project team to design and develop core pension administration modules to replace the ageing PENSYS. The incumbent would also participate in developing a new target operating model, which

will re-engineer the existing day-to-day processes to be consistent with new standards, which are better supported by technology and will increase the ability of the Fund to process transactions without manual intervention. The incumbent will further introduce required automation to support the direct routing of work, supported by comprehensive and intuitive workflows.

Systems Analyst (Pension Payments) (P-3)

48. The incumbent of the post of Systems Analyst (Pension Payments) is required to support the IMSS enterprise systems team associated with the Integrated Pension Administration System project and would be involved in supporting the analysis and design of information systems relating to the pension payment and pension adjustment systems. He or she would address the complexity of the pension payment system, which has become complicated by changes over the years to the Fund's Rules and Regulations, and would establish business rules for use in the proposed Integrated Pension Administration System.

UNIX Administrator (P-3)

49. The incumbent of the UNIX Administrator post will support the enterprise systems infrastructure team associated with the Integrated Pension Administration System project and would be responsible for UNIX administration for all UNIX-based systems. He or she will also be responsible for the installation, maintenance, configuration and security of computer hardware and operating system software (IBM/AIX, Linux, etc.), supported software, storage (SAN connectivity) and network services (server clustering, web servers, directory services, security services). The incumbent will be accountable for the integrity of the systems infrastructure environment, all activities related to production system management, problem resolution, all related planning, scheduling, testing and coordination, the maintenance of growth statistics, space forecasts, hardware and software inventories and backup coverage. The incumbent will also provide technical support to other teams, will be actively involved in operating system management and monitoring and will participate in disaster recovery planning and testing.

Computer Administrator (Network Support) (General Service (Other level))

50. The incumbent of the Computer Administrator (Network Support) post will support the network and security team associated with the Integrated Pension Administration System project and will be involved in designing, implementing and managing the network infrastructure required to support the local and wide area networks, including network switches, hubs, servers and other associated devices. He or she will be responsible for managing and monitoring the various network components, which are essential in providing maximum uptime for key services at all locations. The incumbent will support the Network and Security Group, which will witness an increase in workload owing to the implementation of the Integrated Pension Administration System project, as it requires the development of a complex network and security infrastructure. He or she will further develop and maintain network benchmark standards; maintain user profiles and troubleshoot system network problems; install, maintain, upgrade and troubleshoot all hardware and software related to the network, utilizing documented procedures; prepare charts and diagrams to document the entire network operation; and recommend appropriate technology for use within the computing environment of the Pension Fund.

Temporary posts — Operations

Project Coordinators (participation, entitlements, two-track) (3 P-4)

Benefits Officers (2 P-3)

Project Assistants (Record Management Unit and Client Services) (2 General Service (Other level))

Justification

51. The Pension Fund will be required to carry out a number of pre-implementation, transitional and other activities related to the Integrated Pension Administration System in order to support future changes that will increase efficiency, reduce risk and enhance the overall services provided to the Fund's participants and beneficiaries, as well as to the 23 member organizations that rely on the Fund for consistent and efficient service. Temporary project personnel will be required to fulfil such activities. The incumbents of the proposed posts would help ensure that all processes, procedures and systems are sound, documented, adapted to the new Integrated Pension Administration System platform and are fully tested.

52. The Fund's initial assessment, as presented to the Board in 2008, concluded that the Integrated Pension Administration System project would require a phased approach which would take several years to complete, especially since it entails significant operational and IT requirements and subsequent redesigns. The Fund identified important pre-implementation and other activities that would require maintaining a sufficient level of project personnel in Operations in order to carry out such specific activities in coordination with the Fund's Information Management Systems Services. The Fund is also proposing the establishment of a new unit that would serve as a conduit, in the intermediate term, between staff with long experience and the project personnel required to bring the Integrated Pension Administration System to fruition. The importance of this approach was also recognized in the whole office review. There is a fundamental need to produce and update procedural documentation to provide a more comprehensive blueprint that would underpin the process maps delineated in the current state assessment stage of the project, which was introduced in 2008. There is an equally important and basic need to prepare and update the benefit calculation algorithms in order to formally set out the complex and very detailed process of establishing and adjusting pension benefits under the Regulations and Pension Adjustment System of the Fund. The Fund will require staff with long experience to introduce the necessary processes and formulas involved in determining the benefits payable by the Fund and equally experienced staff to carry out the important and intricate testing of such processes. The Integrated Pension Administration System project will also require a strong core of experts in the field of pension administration systems. At the same time, and during the pre-implementation and transitional phases of the Integrated Pension Administration System project, the Fund must ensure its important regular benefit processing responsibilities and requirements continue to be met.

Temporary posts — Financial Services

Project Coordinators (Payments, Pension Administration System, Accounting) (3 P-4)

Project Assistants (Treasury and Cashier, Interfaces, Reconciliation) (3 General Service (Other level))

Justification

53. To successfully implement the Integrated Pension Administration System project, the Fund has identified the following positions that will be required in the financial services area, allowing for one Professional and one senior level assistant per unit.

54. A key objective in the Third Management Charter is to replace the Fund's legacy systems with an Integrated Pension Administration System. Over the biennium 2010-2011, the secretariat of the Pension Fund will be embarking on various initiatives which will lead to the successful implementation of the Integrated Pension Administration System project. It is expected that the development and implementation phases of the system will have a major impact on the business functions and the underlying ICT infrastructure. To successfully implement the project, the Fund has determined a need for six dedicated project positions representing the business area in Financial Services Section.

55. For the preparation, development, testing and implementation period, from 2010 through 2013, additional temporary resources will be required to document current procedures that form the baseline of the present and future needs of the Fund and enhancements that will result in a streamlined process-driven system that will provide Fund participants and beneficiaries alike with self-service web access and member organizations with a fully integrated two-way secure exchange of data.

Travel

56. Travel related to the Integrated Pension Administration System project of $84,790 is required for visits by Steering Committee members to various sites to assess the capability of products during the procurement of the System. It is assumed that five supplier site visits by the project team will be necessary.

Travel budget for the Integrated Pension Administration System

From	*To*	*Total cost*	*Details*
New York	International	$58 900.0	Travel for visits by Integrated Pension Administration System Steering Committee members to two international sites for a three-day site visit
New York	Local	$25 900.0	Travel for visits by selected Integrated Pension Administration System Steering Committee members to three local sites for a one-day site visit
	Total	**$84 800.0**	

Contractual services

57. Integrated Pension Administration System-related contractual services for 2010-2011 in the amount of $11,036,700 will be used to perform processing of cases

and project implementation activities as indicated in the high-level business case for the project. This includes $7,906,300 for supplier system implementation costs; $500,000 for actuarial services to assist in ensuring the accuracy of the calculations, preparation of the test bases and other entitlement and pension adjustment technical matters; and $2,630,400 for temporary posts.

(In United States dollars)

Category	*2010-2011 costs*	*Remarks*
(a) System supplier implementation costs	6 250 000.0	
(b) Additional allowance for customization/ complexity/integration/web-enabling	937 500.0	Estimated at 15 per cent of (a)
(c) Other system implementation expenses	718 800.0	Estimated at 10 per cent of (a) and (b)
Subtotal (supplier system implementation)	**7 906 300.0**	
(d) Actuarial services	500 000.0	
Subtotal (non-post)	**8 406 300.0**	
(e) Temporary posts — operations	928 900.0	
(f) Temporary posts — financial services	832 100.0	
(g) Temporary posts — Information Technology and Project Manager	780 100.0	
(h) Temporary posts — Procurement Division (dedicated Procurement Officer)	89 300.0	
Subtotal (post)	**2 630 400.0**	
Total contractual services	**11 036 700.0**	

Furniture and equipment

58. The technology infrastructure necessary to support the fully operational Integrated Pension Administration System ($3,000,000) will be initially located at the Fund's facility in New York, with business continuity/disaster recovery backup at the International Computing Centre in Geneva. After the implementation, recurring costs of $899,400 ($624,400 for contractual services and software/licencing fees of $275,000) will be required to support the project as indicated in the high-level business case.

2010-2011 — Integrated Pension Administration System hardware requirements

Type of hardware	*Quantity*	*Unit cost*	*Budgeted cost*	*Remarks*
4 CPU servers	8	125 000.0	1 000 000.0	High-end server with 32 GB RAM — Integrated Pension Administration System environment implementation
8 CPU servers	4	250 000.0	1 000 000.0	Extremely high end core servers with 256 GB RAM — Core Integrated Pension Administration System application software

Type of hardware	*Quantity*	*Unit cost*	*Budgeted cost*	*Remarks*
Storage requirements (SAN)	15	30 000.0	450 000.0	SAN storage requirement for the above environment (usable 25 TB RAID partition)
Network infrastructure		250 000.0	250 000.0	Network and security backbone infrastructure enhancement to support the environment
UPS infrastructure upgrade		300 000.0	300 000.0	UPS requirements to support the new environment
Total			**$3 000 000.0**	